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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kunlun Energy Company Limited (formerly known as CNPC (Hong Kong) Limited) (the "Company"), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135)

(Formerly known as CNPC (Hong Kong) Limited
中國(香港)石油有限公司)*

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST IN PETROCHINA BEIJING GAS PIPELINE CO., LTD INVOLVING ISSUE OF CONSIDERATION SHARES
(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Financial Adviser

BofA Merrill Lynch

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ING

A letter from the Board is set out on pages 7 to 35 of this circular and a letter from the Independent Board Committee, containing its recommendation to the Independent Shareholders of the Company, is set out on page 47 of this circular. A letter from ING containing its advice to the Independent Board Committee and Independent Shareholders in respect of the Acquisition and the Revised Caps for certain continuing connected transactions is set out on pages 48 to 86 of this circular.

A notice of SGM to be held at Everest Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 11 March 2011 (Friday) at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the proxy form enclosed in accordance with the instructions printed thereon and return it to the principal office of the Company at 39th Floor, 118 Connaught Road West, Hong Kong as soon as practicable but in any event not later than 48 hours before the time for holding the SGM or adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM should you so wish.

* *For identification purpose only*

19 February 2011

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In this circular, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Acquisition"	the acquisition of the Relevant Equity Interest in PetroChina Beijing Gas Pipeline Co., Ltd pursuant to the terms and conditions of the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 31 December 2010 and entered into between the Company and PetroChina in respect of the Acquisition
"ASBE"	The Accounting Standards for Business Enterprises issued by the Ministry of Finance
"associates"	has the meaning ascribed thereto under the Listing Rules
"Beckbury"	Beckbury International Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Beijing Enterprises Holdings"	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the main board of the Stock Exchange
"Beijing Gas Group Company Limited"	北京市燃氣集團有限責任公司 (Beijing Gas Group Company Limited*), a company incorporated in the PRC with limited liability which is a wholly-owned subsidiary of Beijing Enterprises Holdings
"Board"	the board of Directors of the Company
"China Beijing Equity Exchange"	北京產權交易所 (the China Beijing Equity Exchange)
"CNPC"	中國石油天然氣集團公司 (China National Petroleum Corporation*), a state-owned enterprise established under the laws of the PRC
"CNPC Group"	CNPC and its subsidiaries, but excluding members of the Group
"Company"	Kunlun Energy Company Limited (formerly known as CNPC (Hong Kong) Limited), a company incorporated with limited liability in Bermuda and the shares of which are listed on the Stock Exchange

"Completion"	completion of the Acquisition in accordance with the Acquisition Agreement (including the completion of the allotment and issue of the Consideration Shares to PetroChina)
"connected person"	has the meaning ascribed to it in the Listing Rules
"Consideration"	RMB18,870.9 million (equivalent to approximately HK$21,973.3 million), being the consideration for the Acquisition of the Relevant Equity Interest pursuant to the Acquisition Agreement
"Consideration Shares"	the new Shares allotted and issued by the Company to PetroChina or nominee(s) designated by PetroChina at the Issue Price at the Completion to satisfy the Consideration pursuant to the Acquisition Agreement
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition after the Completion
"Existing Caps"	the maximum aggregate annual value(s) of the continuing connected transactions for the financial years ending 31 December 2011 as set out in the announcement of the Company dated 19 May 2010 and approved (where required) by the Independent Shareholders on 10 June 2010
"Financial Adviser"	Merrill Lynch (Asia Pacific) Ltd
"First Open Tender Day"	26 November 2010, being the first day of the open tender process for the bidding of the Relevant Equity Interest at the China Beijing Equity Exchange
"First Supplemental Agreement"	the agreement dated 14 November 2006 entered into between the Company and CNPC amending certain terms of, and renewing, the Master Agreement
"Group"	the Company and its subsidiaries
"Hafnium"	Hafnium Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company
"HK$" or "HK cent(s)"	Hong Kong dollar(s) or cent(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising of Dr. Lau Wah Sum, Mr. Li Kwok Sing Aubrey and Dr. Liu Xiao Feng, being all the independent non-executive Directors of the Company, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Acquisition contemplated under the Acquisition Agreement and the Revised Caps for the continuing connected transactions
"Independent Financial Adviser" or "ING"	ING Bank, N.V., a registered institution under the Securities and Futures Ordinance, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition contemplated under the Acquisition Agreement and the Revised Caps for the continuing connected transactions
"Independent Shareholders"	the shareholders of the Company other than CNPC and its associates (including PetroChina)
"Issue Price"	the issue price of HK$10.02 per Consideration Share as agreed between PetroChina and the Company pursuant to the Acquisition Agreement
"Last Trading Day"	31 December 2010
"Latest Practicable Date"	14 February 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
"Leng Jiapu Entrustment Contract"	the entrustment contract dated 21 March 1998 entered into between Beckbury and the CNPC Group concerning the operation of the Liaohe Contract, as amended or supplemented from time to time

"Liaohe Contract"	the Leng Jiapu Area Petroleum Contract dated 31 December 1997 entered into between CNPC and Beckbury, and where the context requires, includes the Leng Jiapu Entrustment Contract. All the rights and obligations (other than the supervisory functions related to CNPC's role as representative of the PRC Government) of CNPC under the Liaohe Contract were novated to PetroChina on 8 October 2001
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing Committee"	has the meeting ascribed to it in the Listing Rules
"Master Agreement"	the master agreement dated 19 November 2003 entered into between CNPC and the Company regarding provision by the CNPC Group to the Group and vice versa, of a range of products and services from time to time, as amended by the First Supplemental Agreement dated 14 November 2006, the Second Supplemental Agreement dated 25 March 2009 and the Third Supplemental Agreement dated 19 May 2010
"NDRC"	National Development and Reform Commission of the PRC
"Oil and Gas Products"	such crude oil, natural gas, refined oil products, chemical products and other ancillary or similar products to be provided by the CNPC Group to the Group from time to time under the new category of additional products and services set out in the Second Supplemental Agreement
"PRC"	the People's Republic of China
"PetroChina"	PetroChina Company Limited
"PetroChina Beijing Gas Pipeline Co., Ltd" or "Target Company"	中石油北京天然氣管道有限公司 (PetroChina Beijing Gas Pipeline Co., Ltd*), a company incorporated in the PRC and owned as to 60% by PetroChina and 40% by Beijing Gas Group Company Limited as at the Latest Practicable Date
"Property Valuation Report"	An independent property valuation report on the property interests of the Enlarged Group dated 19 February 2011 issued by BMI Appraisals Limited. A copy of which is set out in Appendix VI to this circular

"Property Valuer"	BMI Appraisals Limited, an independent property valuer
"PSAs"	the Xinjiang Contract and the Liaohe Contract
"Relevant Equity Interest"	60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd owned by PetroChina as at the Latest Practicable Date
"Revised Caps"	the proposed revised maximum annual aggregate value(s) for the continuing connected transactions of the Company and not being exempt from Independent Shareholders' approval requirements under the Listing Rules in respect of Categories (a), (d) and (e) for the financial year ending 31 December 2011 set out in section VIII (3) of this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Second Supplemental Agreement"	the agreement dated 25 March 2009 entered into between the Company and CNPC amending certain terms of, and renewing, the Master Agreement
"SGM"	the special general meeting of the Company proposed to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition contemplated under the Acquisition Agreement, the Revised Caps for the continuing connected transactions and the increase in the authorised share capital of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Group"	PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary

"Third Supplemental Agreement"	the agreement dated 19 May 2010 entered into between the Company and CNPC to extend the scope of the Master Agreement to include the provision of products and services by the Group to the CNPC Group
"USD"	US dollars, the lawful currency of the United States of America
"Valuation Date"	30 September 2010
"Valuation Report"	the valuation report on the Relevant Equity Interest prepared by the Valuer. A copy of which is set out in Appendix V to this circular
"Valuer" or "Beijing China Enterprise Appraisals Co."	Beijing China Enterprise Appraisals Co., Ltd.*(北京中企華資產評估有限任公司), an independent qualified PRC valuer
"Xinjiang Contract"	the Xinjiang Oil Field Production Sharing Contract dated 1 July 1996 entered into between CNPC and Hafnium, as amended from time to time. All the rights and obligations (other than the supervisory functions related to CNPC's role as representative of the PRC Government) of CNPC under this contract were novated to PetroChina on 8 October 2001

Note:

(1) For the purpose of this circular, unless otherwise indicated, the exchange rate at RMB1.00 = HK$1.1644 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged.

(2) If there is any discrepancy or inconsistency between the Chinese names of the PRC entities and their English translations in this circular, the Chinese version shall prevail.

* *For identification purpose only*

KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆侖能源有限公司

(Stock Code: 00135)
(Formerly known as CNPC (Hong Kong) Limited
中國(香港)石油有限公司)*

Directors:
Mr. Li Hualin *(Chairman)*
Mr. Zhang Bowen *(Chief Executive Officer)*
Mr. Cheng Cheng
Dr. Lau Wah Sum, GBS, LLD, DBA, JP#
Mr. Li Kwok Sing Aubrey#
Dr. Liu Xiao Feng#

Independent Non-executive Directors

Registered office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal office in Hong Kong:
39th Floor
118 Connaught Road West
Hong Kong

19 February 2011

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST IN PETROCHINA BEIJING GAS PIPELINE CO., LTD INVOLVING ISSUE OF CONSIDERATION SHARES
(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

I. INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2010 in relation to the very substantial acquisition and connected transaction regarding the Acquisition, the proposed continuing connected transactions and the proposed increase in the authorised share capital.

On 26 November 2010, PetroChina arranged to sell the Relevant Equity Interest in PetroChina Beijing Gas Pipeline Co., Ltd through open tender conducted on the China Beijing Equity Exchange pursuant to the relevant PRC laws and regulations governing the disposal of state-owned assets. The Company submitted an application to acquire and bid for the Relevant Equity Interest in PetroChina Beijing Gas Pipeline Co., Ltd on 20 December 2010. A deposit of RMB60.0 million (equivalent to approximately HK$69.9 million) has been paid by the Company after the entering of the Acquisition Agreement which will be

* *For identification purpose only*

refunded to the Company within 5 working days of the Completion. The open tender was closed on 24 December 2010. On 24 December 2010, the Company was informed that it is the successful bidder.

Subsequently, on 31 December 2010, the Company and PetroChina entered into the Acquisition Agreement, pursuant to which, PetroChina has agreed to sell and the Company has agreed to purchase the Relevant Equity Interest, being 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd.

The Consideration payable by the Company to PetroChina pursuant to the Acquisition Agreement will be satisfied upon the Completion, by way of the allotment and issue of the Consideration Shares to PetroChina (or to PetroChina's nominee(s)) at the Issue Price for each Consideration Share.

As at the Latest Practicable Date, PetroChina owns 2,513,917,342 Shares, representing approximately 50.75% of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, is deemed to be interested in 2,811,841,342 Shares, representing approximately 56.76% of the issued share capital of the Company. Both CNPC and PetroChina are the controlling shareholders of the Company, thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Acquisition constitutes a connected transaction of the Company. As some of the applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules respectively and is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the SGM by way of poll under the Listing Rules.

Both CNPC and PetroChina are the controlling shareholders of the Company, thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules. As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company, the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and CNPC or PetroChina and their respective associates will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Revised Caps for the relevant continuing connected transactions exceed 5% on an annual basis, the Revised Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

After the Completion of the Acquisition, Beijing Gas Group Company Limited, the wholly-owned subsidiary of Beijing Enterprises Holdings, will continue to hold 40% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. Accordingly, Beijing Gas Group Company Limited will become the substantial shareholder of a subsidiary of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited and its associates (through an arrangement between the

Company and PetroChina) will become continuing connected transactions of the Company and the Company will comply with the applicable reporting, annual review and disclosure requirements according to Rule 14A.41 of the Listing Rules.

CNPC and PetroChina and their respective associates shall abstain from voting on the resolution approving the Acquisition together with the transactions contemplated thereunder and the Revised Caps for the continuing connected transactions.

As at the date of this circular, the authorised share capital of the Company is HK$80.0 million divided into 8,000,000,000 Shares of HK$0.01 each, of which 4,954,023,512 Shares were issued and only 3,045,976,488 Shares, representing approximately 38.07% of the authorised share capital of the Company, remained unissued and available for further allotment and issue by the Company.

In order to ensure that a sufficient number of unissued Shares are available for the Company for allotment and issue to PetroChina as the Consideration Shares in relation to the Acquisition, the Directors propose to increase the authorised share capital of the Company denominated in Hong Kong dollar from HK$80.0 million to HK$160.0 million by the creation of the additional 8,000,000,000 Shares, which will rank pari passu with all the existing Shares when issued.

At the SGM, an ordinary resolution will be proposed to increase the authorised share capital from HK$80.0 million divided into shares of HK$0.01 each to HK$160.0 million divided into shares of HK$0.01 each.

The purpose of this circular is to provide you with, among other matters, (i) further details of the Acquisition contemplated under the Acquisition Agreement, the Revised Caps for the continuing connected transactions and the increase of the authorised share capital of the Company; (ii) a letter from the Independent Board Committee regarding the Acquisition and the Revised Caps for the continuing connected transactions to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the Valuation Report prepared by the Valuer; (v) the Property Valuation Report prepared by the Property Valuer; and (vi) a notice of the SGM.

II. THE ACQUISITION AGREEMENT

(a) Date: 31 December 2010

(b) Parties:

(i) Purchaser: the Company; and

(ii) Vendor: PetroChina

(c) Assets to be acquired

Pursuant to the Acquisition Agreement, PetroChina has agreed to sell and the Company has agreed to purchase the Relevant Equity Interest, being 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd.

As at the Latest Practicable Date, the remaining 40% equity interest of PetroChina Beijing Gas Pipeline Co., Ltd is indirectly held by Beijing Enterprises Holdings.

(d) Consideration

The Consideration payable by the Company to PetroChina pursuant to the Acquisition Agreement will be RMB18,870.9 million (equivalent to approximately HK$21,973.3 million), which will be satisfied upon the Completion, by way of the allotment and issue of the Consideration Shares to PetroChina (or to PetroChina's nominees(s)) at the Issue Price for each Consideration Share. The Issue Price was determined after arm's length negotiation between the Company and PetroChina, with reference to the average closing price of the Shares for the last 20 trading days up to but not including the First Open Tender Day.

The Consideration payable in respect of the Acquisition Agreement was determined based on the base price of the Relevant Equity Interest put on open tender set by PetroChina. The base price was set at RMB18,870.9 million (equivalent to approximately HK$21,973.3 million) and the Company understands that such base price was based on the business valuation of Relevant Equity Interest as at the Valuation Date, being 30 September 2010, which amounted to approximately RMB18,870.9 million (equivalent to approximately HK$21,973.3 million) as set out in the Valuation Report prepared by the Valuer.

According to the audited consolidated financial statements of PetroChina Beijing Gas Pipeline Co., Ltd for 2009 prepared in accordance with Hong Kong Financial Reporting Standards, the consolidated net asset value of PetroChina Beijing Gas Pipeline Co., Ltd as at 31 December 2009 was RMB11.3 billion.

The audited consolidated net profit before and after tax of PetroChina Beijing Gas Pipeline Co., Ltd for the two years ended 31 December 2009 prepared in accordance with Hong Kong Financial Reporting Standards were as follows:

	Year Ended 31 December	
	2009	**2008**
	(RMB'billion)	*(RMB'billion)*
Net profit before tax	3.3	2.8
Net profit after tax	2.5	2.1

The Company understands that the investment cost of the Relevant Equity Interest as at 30 September 2010 was approximately RMB6.1 billion.

(e) Valuation Methodology and Assumptions

As at the Valuation Date, being 30 September 2010, the business valuation of the Relevant Equity Interest in PetroChina Beijing Gas Pipeline Co., Ltd as per the Valuation Report prepared by the Valuer was RMB18,870.9 million (equivalent to approximately HK$21,973.3 million). The business valuation of the Relevant Equity Interest was computed based on income approach. As at the Valuation Date, the audited net assets value of PetroChina Beijing Gas Pipeline Co., Ltd prepared in accordance with ASBE was RMB11.6 billion (equivalent to approximately HK$13.5 billion). The Directors (including the Directors who form part of the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) consider that the valuation of the Relevant Equity Interest as of the Valuation Date is fair and reasonable. As at the Latest Practicable Date, the Company considers that the valuation of the Relevant Equity Interest as at 30 September 2010 remains a fair representation of the value of the Relevant Equity Interest despite the lapse of time from the Valuation Date for the following reasons: (i) there is no material changes in the business of PetroChina Beijing Gas Pipeline Co., Ltd since the Valuation Date; and (ii) the construction of the pipelines of PetroChina Beijing Gas Pipeline Co., Ltd has been completed within the timeframe set out in the construction plan and development plan (e.g. phase I of No.3 Shaanxi-Beijing Pipeline) and PetroChina Beijing Gas Pipeline Co., Ltd has operated in accordance with the scope stipulated in the development and construction plan. More details on the valuation are contained in the Valuation Report set out in Appendix V of this circular.

The Valuer, being Beijing China Enterprise Appraisals Co., an independent qualified PRC valuer with substantial experience in the valuation of the state-owned assets. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Beijing China Enterprise Appraisals Co. is independent and not connected with the Company, the Financial Adviser, PetroChina, and their respectively ultimate beneficial owners. The Valuation Report prepared by Beijing China Enterprise Appraisals Co. has been reviewed by the Board to assist the determination of the Consideration. The Directors are of the view that such valuation of the Relevant Equity Interest has been prepared after due and careful enquiry. The business valuation of the Relevant Equity Interest prepared by the Valuer, for which the income approach has been used, constitutes profit forecast for the purpose of Rule 14.61 of the Listing Rules, and accordingly, the requirements under Rule 14.62 of the Listing Rules are applicable to the Acquisition.

The Valuation Report states that, in the course of conducting the valuation, the principal assumptions upon which the profit forecast for PetroChina Beijing Gas Pipeline Co., Ltd has been made are as follows:

(i) there being no material change to the existing national laws, regulations and policies and its macro-economic conditions and the political, economic and social landscape of the respective jurisdictions in which the parties to the transaction are situated and there being no material adverse impact arising from any other unpredictable and force majeure factors;

(ii) the parameters used in the valuation have taken no consideration of substantial changes in factors such as inflation, prevailing interest rate, exchange rate and taxation policy, unless otherwise known;

(iii) it is assumed that the operation of PetroChina Beijing Gas Pipeline Co., Ltd will subsist in light of its assets as of the Valuation Date;

(iv) it is assumed that PetroChina Beijing Gas Pipeline Co., Ltd will remain the same in its business scope, business model and business orientation on the basis of its existing management approach and standards;

(v) it is assumed that the present and future management of PetroChina Beijing Gas Pipeline Co., Ltd will remain accountable and will be capable of carrying forward step-by-step the development plan of PetroChina Beijing Gas Pipeline Co., Ltd;

(vi) it is assumed that PetroChina Beijing Gas Pipeline Co., Ltd is in full compliance with all relevant laws and regulations unless otherwise stated;

(vii) the future earnings as projected by PetroChina Beijing Gas Pipeline Co., Ltd are in line with its overall development strategy, industrial development trend and national policy towards the industry;

(viii) it is assumed that the accounting policies as adopted by PetroChina Beijing Gas Pipeline Co., Ltd in future will basically be in line with those adopted when the Valuation Report is prepared;

(ix) PetroChina Beijing Gas Pipeline Co., Ltd will maintain its existing income earning approach and credit policy in the future and will not be subject to major difficulty in recovering any payment;

(x) there exists no substantial contingent liabilities during the operating period of the enterprise as a consequence of any external guarantee or otherwise;

(xi) any title evidence, financial statements, accounting vouchers, list of assets or other relevant information as provided by PetroChina Beijing Gas Pipeline Co., Ltd in connection with the valuation is true, lawful, complete and credible. There exists no other defective or contingent or any other matter which may affect the valuation of any entity or subject under valuation and which is otherwise required to be provided or which remains unknown to the Valuer having performed the obligatory valuation procedures;

(xii) it is assumed that the unit price of pipeline transmission of natural gas remains stable in coming years;

(xiii) the supply of natural gas to PetroChina Beijing Gas Pipeline Co., Ltd is stable and can ensure its need for transmission operation; and

(xiv) capital expenditure mainly consists of future investments of PetroChina Beijing Gas Pipeline Co., Ltd in building natural gas pipelines and storages and in renovating and upgrading the pipelines. It is assumed that future investment plans of PetroChina Beijing Gas Pipeline Co., Ltd may be carried out without major adjustments going forward.

The Company considers the valuation assumptions that the Valuer has relied on in its Valuation Report are reasonable on the basis that the Company does not contemplate that there will be material changes to the operation of PetroChina Beijing Gas Pipeline Co., Ltd and the surrounding business environment of PetroChina Beijing Gas Pipeline Co., Ltd (e.g. no material change to the business scope, business model and business orientation of PetroChina Beijing Gas Pipeline Co., Ltd, the management will continue to carry forward its development, the supply of natural gas will remain stable).

The Company has engaged its auditor to review the arithmetical calculations of the discounted future estimated cash flows on which the business valuation in respect of the appraisal of the fair value of the 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd as at 30 September 2010 is based. The Company's Financial Adviser has discussed with the Company the profit forecast. A letter from the Company's auditor and a letter from the Company's Financial Adviser are included in Appendix VII of this circular for the purpose of Rule 14.62 of the Listing Rules.

(f) Consideration Shares

The Consideration Shares represent approximately 44.3% of the existing issued share capital of the Company and approximately 30.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price was determined after arm's length negotiation between the Company and PetroChina, with reference to the average closing price of the Shares for the last 20 trading days up to but not including the First Open Tender Day, and represents:

(i) (a) a discount of approximately 6.4% to the closing price of HK$10.70 per Share as quoted on the Stock Exchange on the First Open Tender Day;

(b) a discount of approximately 16.9% to the closing price of HK$12.06 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) (a) a discount of approximately 0.7% to the average closing price of HK$10.09 per Share for the last 30 trading days up to and including the First Open Tender Day;

(b) a discount of approximately 14.2% to the average closing price of HK$11.68 per Share for the last 30 trading days up to and including the Last Trading Day;

(iii) (a) a discount of approximately 1.6% to the average closing price of HK$10.18 per Share for the last 60 trading days up to and including the First Open Tender Day;

(b) a discount of approximately 8.5% to the average closing price of HK$10.95 per Share for the last 60 trading days up to and including the Last Trading Day;

(iv) a discount of approximately 15.7% to the closing price of HK$11.88 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. As agreed between the parties to the Acquisition Agreement, the Consideration Shares are not entitled to the dividends payable for the financial year ended 31 December 2010.

The Directors (including the Directors who form part of the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) considers that the Consideration is fair and reasonable and the Acquisition is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole.

The issue of the Consideration Shares will not result in change of control of the Company (i.e. there is no change in any controlling shareholder who is entitled to exercise or control the exercise of 30% of more of the voting power at the general meetings of the Company).

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

(g) Conditions Precedent

The Completion of the Acquisition is subject to the satisfaction or waiver by the Company and/or PetroChina (as the case may be) of certain conditions precedent, including:

(i) the Company is satisfied with the results of the due diligence carried on PetroChina Beijing Gas Pipeline Co., Ltd (including but not limited to legal, financial or taxation aspects);

(ii) the Acquisition Agreement is being signed by the legal representative of PetroChina or its power of attorney and the legal representative of the Company or its power of attorney;

(iii) the Acquisition Agreement and the transfer of the Relevant Equity Interest having obtained all necessary consents or approvals, including:

(a) the Company and PetroChina having obtained all necessary internal authorisations, consents and approvals in relation to the Acquisition;

(b) the remaining shareholder of PetroChina Beijing Gas Pipeline Co., Ltd, i.e. Beijing Gas Group Company Limited, having waived its right of first refusal, and the internal authority of PetroChina Beijing Gas Pipeline Co., Ltd having approved the transfer of the Relevant Equity Interest under the Acquisition Agreement;

(c) the creditors and other relevant third parties of PetroChina Beijing Gas Pipeline Co., Ltd having granted all necessary consents (if required) regarding the transfer of the Relevant Equity Interest under the Acquisition Agreement;

(d) the valuation report in relation to the consideration basis of the Relevant Equity Interest having completed the relevant recordal procedure;

(e) the transfer of the Relevant Equity Interest having completed the open tender process on the China Beijing Equity Exchange in accordance with the laws and regulations of the PRC;

(f) the Acquisition having obtained all approvals and having completed all registrations and/or filings required by laws with all the relevant approval authorities, including the Ministry of Commerce;

(g) the Company having obtained the approval at the general meeting of the Shareholders and from the Stock Exchange, pursuant to the Listing Rules and the articles of association of the Company, in relation to the transfer of the Relevant Equity Interest and the issue of the Consideration Shares;

(iv) there is no material adverse change to the Relevant Equity Interest during the period from date of the signing of the Acquisition Agreement to the Completion;

(v) the representations, warranties and undertakings given by PetroChina and the Company in the Acquisition Agreement remaining true and accurate from the date of the Acquisition Agreement to the date of the Completion;

(vi) none of the governmental authorities in the PRC has taken any pending actions or steps or will take any possible actions or steps which might restrict or prohibit the completion of any transactions contemplated under the Acquisition Agreement or any transactions ancillary to the aforesaid transactions, or might obstruct or restrict the operation of PetroChina Beijing Gas Pipeline Co., Ltd; and

(vii) none of the governmental authorities in the PRC has enacted any laws, rules or regulations which might render the completion of the Acquisition unlawful.

As at the Latest Practicable Date, to the best knowledge, information and belief of the Director save for the Independent Shareholders' approval of the Acquisition at the SGM, the Company and PetroChina have respectively obtained all necessary internal approvals. The registrations and/or filings required by the laws in relation to the Acquisition in the PRC can only be completed upon the Company having obtained the Independent Shareholders' approval at the SGM.

If any of the conditions precedent of the Acquisition Agreement is not satisfied or waived by the Company and/or PetroChina (as the case may be) on or before 31 December 2011, either the Company or PetroChina has the right to terminate the Acquisition by written notice.

(h) Lock-up Undertaking

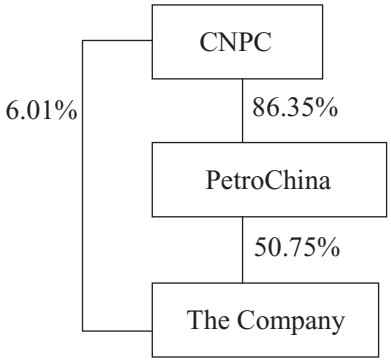
PetroChina undertakes, without prior written approval from the Company, not to directly or indirectly dispose of or enter into any agreement to dispose of the Consideration Shares from the date of the Completion to the second anniversary date of the Completion (both days inclusive).

(i) Completion

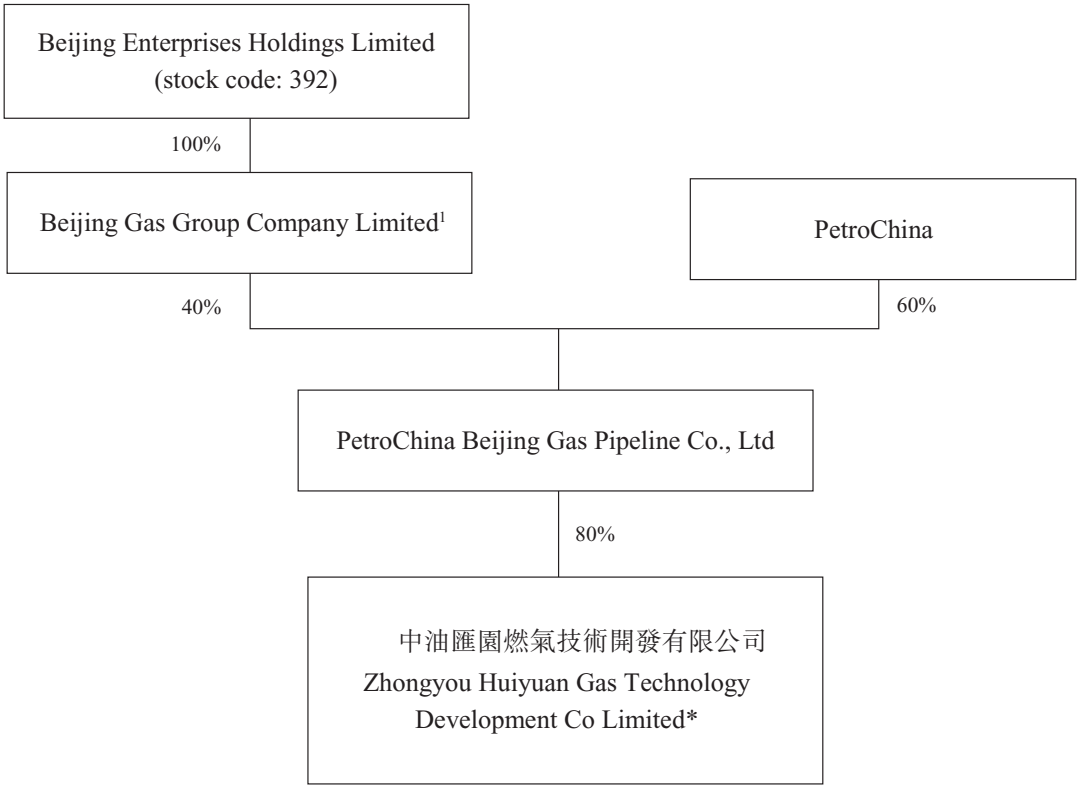
The Completion of the Acquisition shall take place on the date agreed by the parties which shall be within 30 days of the fulfillment of all the conditions precedent. Upon the Completion, PetroChina Beijing Gas Pipeline Co., Ltd will become a subsidiary of the Company and the assets, liabilities and the financial results of PetroChina Beijing Gas Pipeline Co., Ltd will be consolidated into the consolidated financial statements of the Company.

III. SHAREHOLDING STRUCTURE OF THE COMPANY AND THE TARGET GROUP

The following is the simplified shareholding structure chart of the Company as at the Latest Practicable Date:



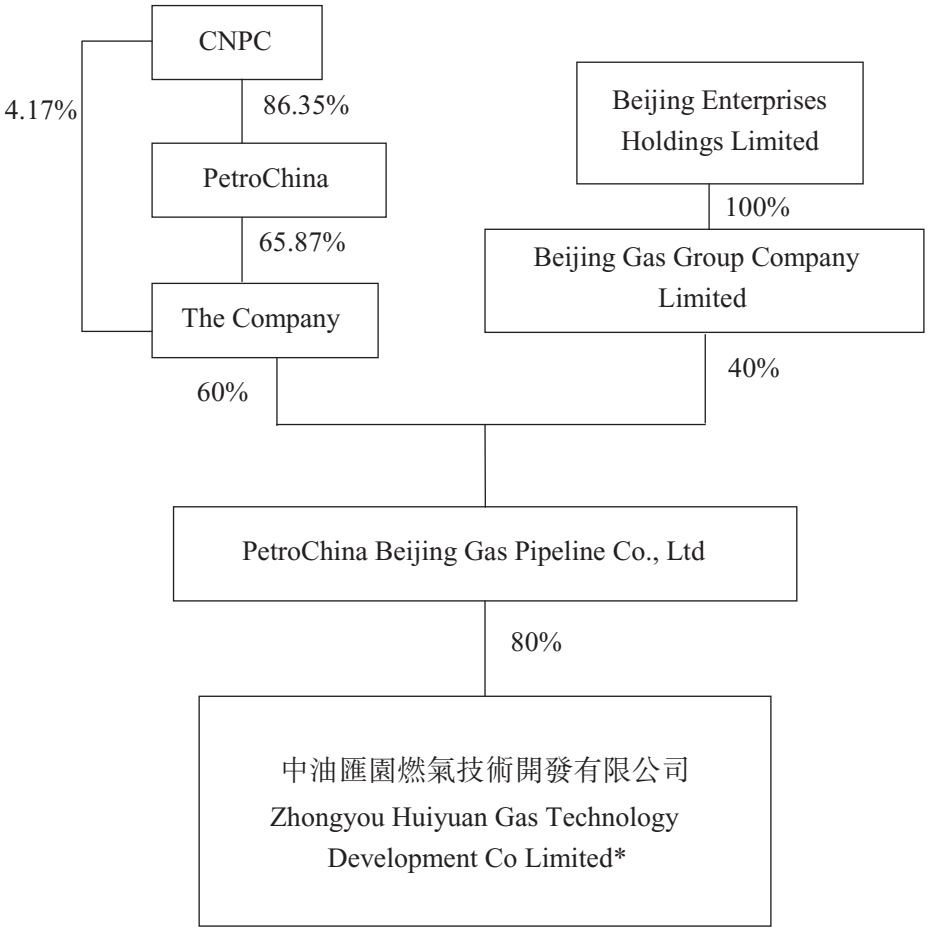
The following is the simplified shareholding structure chart of the Target Group as at the Latest Practicable Date:



Note:

1. There are no joint venture agreements / shareholders agreements signed between PetroChina and Beijing Gas Group Company Limited in relation to PetroChina Beijing Gas Pipeline Co., Ltd.

The following is the simplified shareholding structure chart of the Company and the Target Group immediately after the Completion:



The following table sets out the shareholding information of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Completion and the allotment and issue of the Consideration Shares (assuming no additional Shares will be issued from the Latest Practicable Date up to and including the Completion):

	As at the Latest Practicable Date		**Upon Completion and issue of the Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
Sun World Limited[(1)]	2,513,917,342	50.75	4,708,302,133	65.87
Fairy King Investments Ltd[(2)]	297,924,000	6.01	297,924,000	4.17
Public Shareholders	2,142,182,170	43.24	2,142,182,170	29.96
Total	4,954,023,512	100.00	7,148,408,303	100.00

Notes:

(1) Sun World Limited is a wholly-owned subsidiary of PetroChina Hong Kong (BVI) Ltd, which in turn is wholly-owned by PetroChina Hong Kong Ltd ("PetroChina Hong Kong"). PetroChina Hong Kong is wholly-owned by PetroChina, which is in turn owned as to 86.35% by CNPC. Accordingly, CNPC and PetroChina are deemed to have interest in the 2,513,917,342 shares held by Sun World Limited. Mr. Li Hualin, the Chairman of the Company and Mr. Zhang Bowen, the Chief Executive Officer of the Company, are also directors of Sun World Limited, which is a substantial shareholder of the Company (within the meaning of Part XV of the SFO). According to the articles of association of the Company, the directors may vote and be counted in the quorum in the resolution involving any proposal concerning any other company in which the directors of the Company are interested as an officer or executive. Therefore, Mr. Li Hualin and Mr. Zhang Bowen are not required to be abstained from voting in the board meeting of the Company concerning the Acquisition.

(2) Fairy King Investments Ltd is a wholly-owned subsidiary of CNPC International Ltd which in turn is the wholly-owned by China National Oil and Gas Exploration and Development Corporation, which is in turn owned as to 100.00% by CNPC. Accordingly, CNPC is deemed to have interest in the 297,924,000 shares held by Fairy King Investments Ltd.

IV. INFORMATION ON THE PARTIES

(a) Information on the Group

The Company is an investment holding company. The principal activities of the Group are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, and the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia. The Group is also engaged in the sale of vehicle fuel gas, city gas and related natural gas business in the PRC as well as the pipeline business in Bohai and Tianjin through its joint venture entities.

Please refer to Appendix I for "Management Discussion and Analysis of the Group and the Target Group" and Appendix II for "Financial Information of the Group".

(b) Information on the Target Group

As at the Latest Practicable Date, PetroChina Beijing Gas Pipeline Co., Ltd is 60% owned by PetroChina and 40% owned by Beijing Enterprises Holdings. The primary business of PetroChina Beijing Gas Pipeline Co., Ltd is natural gas transmission which provides services to city gas operators along the No. 1 and No. 2 Shaanxi-Beijing Pipelines with an approximate total length of 2,200 kilometres owned by PetroChina Beijing Gas Pipeline Co., Ltd. The No. 3 Shaanxi-Beijing Pipeline of the Target Group is designed to have an annual transmission capacity of approximately 15 billion cubic metres and its phase I project commenced operation on 31 December 2010.

Please refer to Appendix I for "Management Discussion and Analysis of the Group and the Target Group" and Appendix III for "Accountant's Report on the Target Group".

(c) Information on PetroChina

PetroChina and its subsidiaries are mainly engaged in petroleum and natural gas-related activities, including (i) the exploration, development, production and sale of crude oil and natural gas; (ii) the refining, transportation, storage and marketing of crude oil and petroleum products; (iii) the production and sale of basic petrochemical products, derivative chemical products and other petrochemical products; and (iv) the transmission of natural gas, crude oil and refined products, and the sale of natural gas.

(d) Information on CNPC

CNPC is the controlling shareholder of the Company. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company （中國石油天然氣集團公司）. CNPC is also a state-authorised investment corporation and state-owned enterprise. CNPC is an integrated energy corporation with businesses covering oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, engineering and technical services and petroleum equipment manufacturing.

V. FINANCIAL EFFECT ON THE ACQUISITION ON THE GROUP

Upon the Completion, the Company will directly hold 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd which will become a subsidiary of the Company. The assets, liabilities and the financial results of PetroChina Beijing Gas Pipeline Co., Ltd will be consolidated into the consolidated financial statements of the Company.

Set out in Appendix IV of this circular is the "Unaudited Pro Forma Financial Information of the Enlarged Group" and the basis of preparation thereon.

Assets and Liabilities

As shown in the "Unaudited Pro Forma Financial Information of the Enlarged Group", the respective pro forma total assets and pro forma total liabilities of the Enlarged Group following the Acquisition would amount to approximately HK$48,247.2 million and approximately HK$17,511.6 million as compared to the respective total assets and total liabilities of the Group amounting to approximately HK$23,031.3 million and approximately HK$5,469.5 million as at 30 June 2010 before the Acquisition, representing an increase of HK$25,215.9 million in total assets and HK$12,042.1 million in total liabilities from those set out in the unaudited consolidated financial information of the Company as at 30 June 2010.

Profit

For the year ended 31 December 2009, the profit before income tax expense of the Group was approximately HK$1,854.9 million. As set out in Appendix IV of this circular, assuming 1 January 2009 is the date of the Completion, the unaudited pro forma profit before income tax expense of the Enlarged Group for the year ended 31 December 2009 will be approximately HK$5,589.3 million.

For the year ended 31 December 2009, the profit for the year of the Group attributable to owners of the Company was approximately HK$1,203.9 million. As set out in Appendix IV of this circular, assuming 1 January 2009 is the date of the Completion, the unaudited pro forma profit for the year of the Enlarged Group attributable to owners of the Company for the year ended 31 December 2009 will be approximately HK$2,872.3 million.

Working Capital

The Directors are of the opinion that, after taking into account the internal resources and financial facilities available to the Enlarged Group, including but not limited to loan facilities provided by China Petroleum Finance Company Limited ("**CP Finance**"), the Enlarged Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

Indebtedness

At as 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the date of this circular, the Enlarged Group had outstanding borrowings of approximately HK$16,933.7 million, comprising short-term bank loans of approximately HK$327.5 million, long-term bank loans of approximately HK$32.0 million, loans from CP Finance of approximately HK$2,998.5 million, loans from an intermediate holding company of approximately HK$12,596.8 million, loans from fellow subsidiaries of approximately HK$977.8 million and loans from non-controlling interest of subsidiaries of approximately HK$1.1 million.

The following table illustrates the Enlarged Group's borrowings at 31 December 2010:

	HK$'million
Short-term borrowings	
Bank loans	327.5
Loans other than bank loans	
– Loans from an intermediate holding company	2,469.7
– Loans from CP Finance	1,339.1
	4,136.3
Current portion of long-term borrowings	774.3
	4,910.6
Long-term borrowings	
Bank loans	32.0
Loans other than bank loans	
– Loans from an intermediate holding company	10,127.1
– Loans from fellow subsidiaries	977.8
– Loans from CP Finance	1,659.4
– Loans from non-controlling interest of subsidiaries	1.1
	12,797.4
Less: Current portion of long-term borrowings	(774.3)
	12,023.1
	16,933.7

As at 31 December 2010, the Enlarged Group's borrowings were unsecured.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, neither the Group nor the Target Group have, as at 31 December 2010, any outstanding loan capital issued or agreed to be issued, bank overdrafts, other loans, hire purchase commitment or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgaged, charges, guarantees or other material contingent liabilities.

Gearing Ratio

As at 30 June 2010, the gearing ratio of the Group was 13.48% (as calculated from the total borrowings divided by the sum of total equity and total borrowings). As set out in Appendix IV of this circular, assuming 30 June 2010 is the date of the Completion, the pro forma total borrowings and total equity of the Enlarged Group will be approximately HK$10,907.3 million and HK$30,735.6 million respectively. Accordingly, the gearing ratio of the Enlarged Group will increase to 26.19%.

In assessing the fairness and reasonableness of the Acquisition, the Board has also considered the "Unaudited Pro Forma Financial Information of the Enlarged Group" as set out in Appendix IV of this circular, e.g. the factors that (i) the total liabilities of the Group will substantially increase due to the Acquisition and (ii) the gearing ratio of the Enlarged Group will also increase from 13.48% to 26.19%. Taking into account that the Target Group will continue having a stable income stream and the Enlarged Group will have sufficient working capital for its present requirement for the next twelve months from the date of this circular, the Board considers that the Acquisition is fair and reasonable.

VI. VALUATION OF THE PROPERTY INTERESTS

To comply with the Listing Rules, the Company has engaged the Property Valuer to value the property interests of the Enlarged Group. Details of the valuation report are set out in Appendix VI of this circular. Disclosure of the reconciliation of the net book value and the valuation as required under Rule 5.07 of the Listing Rules is set out below:

	(HK$ in million)
Net book value of properties	834.5
Net increase	200.7
Valuation of properties at 31 December 2010 as set out in the Property Valuation in Appendix VI of this circular	1,035.2

VII. REASONS FOR AND BENEFITS OF THE ACQUISITION

In addition to its principal activities of the exploration and production of crude oil and natural gas in the PRC and globally, the Group is also committed to focus on the development of businesses in natural gas end-users sales and comprehensive utilisation of natural gas. The Board believes the Acquisition is in line with the development strategies of the Group, and it will bring long-term and strategic benefits to the Group, including but not limited to the following:

(i) Highly strategic natural gas business with strong financial performance and growth potential

The Target Group is a highly strategic PRC natural gas business, its primary business is natural gas transmission which supplies to Beijing, Tianjin, Hebei Province, Shandong Province, Shanxi Province and Shaanxi Province along the Shaanxi-Beijing Pipelines, currently comprising of the operational No. 1 and No. 2 Shaanxi-Beijing Pipelines with a total annual transmission capacity of 20 billion cubic metres.

The transmission system of the Target Group links the gas-rich North Shaanxi region, Tarim Basin and Central Asia with Beijing and Huabei region, which are amongst the PRC's largest natural gas markets and have seen strong increase in the demand for natural gas[1].

The No. 3 Shaanxi-Beijing Pipeline of the Target Group is designed to have an annual transmission capacity of approximately 15 billion cubic metres and its phase I project commenced operation on 31 December 2010.

The revenue of the Target Group for 2007, 2008, and 2009 were approximately RMB3.9 billion, RMB5.3 billion, and RMB6.1 billion respectively, representing a cumulative annual growth rate of approximately 25.1%. The net profit of the Target Group for 2007, 2008, and 2009 were approximately RMB1.1 billion, RMB2.1 billion, and RMB2.5 billion respectively, representing a cumulative annual growth rate of approximately 50.8%.

Note:

1 Based on the report published by CEIC Data Company Ltd ("CEIC") in August 2010, the natural gas consumption volumes in Beijing, Tianjin, Hebei Province and Shandong Province accounted for 7.5%, 2.1%, 2.1% and 4.2%, respectively, of the total natural gas consumption volume in China in 2008. In total, the four regions recorded natural gas consumption of 4.6 billion cubic metres in 2003, 5.7 billion cubic metres in 2004, 6.7 billion cubic metres in 2005, 8.5 billion cubic metres in 2006, 9.5 billion cubic metres in 2007 and 12.9 billion cubic metres in 2008, representing a Compound Annual Growth Rate (CAGR) of 22.8%. Please note that this data may pose risk that it is not the indicative data for the future trend.

Source: CEIC was not commissioned by the Company. CEIC was established in 1992 and was acquired by ISI Emerging Markets in 2005. CEIC builds a reliable database covering macro-economic, industrial and financial time-series data. CEIC databases cover three main categories of information: Economic, Sector and Corporate. Most of the CEIC data are sourced from the official sources, especially the China Premium database. Official data sources include National Bureau of Statistics of China (NBS), The People's Bank of China (PBoC) and etc., where CEIC's database team would maintain the database with latest revised and updated data. CEIC builds databases in response to extensive market study by data specialists and researchers. They cultivate and leverage relationships and direct data distribution arrangements with the prime national and regional statistical agencies and major industrial data issuing organisations of each country covered. Top analysts and economists from over 800 institutional clients around the globe utilise CEIC as the definitive source for accurate and timely economic data. It is frequently quoted in various broker research and academic research. For further information please refer to: http://www.ceicdata.com/.

(ii) Strengthen natural gas business of the Group

The Group is committed to focus on the natural gas business. The Group aims to achieve its plan through acquisition of different natural gas related businesses and assets, including the mid-stream business e.g. the natural gas pipeline transmission business. The Board is of the view that the Acquisition is coherent with the development plan in the natural gas business of the Company as a whole and by acquiring Target Group which is engaged in natural gas pipelines transmission business can facilitate the downstream sale of natural gas by providing the transmission means. The Company also contemplates to develop the sales market of the areas along the pipelines of the Target Company. Furthermore, the Board is also of a view that such

natural gas pipelines transmission business is profitable and with continuous revenue growth. Hence the natural gas business will become strengthened among the operating activities of the Group. The natural gas business of the Group will further increase the market shares of the Group and thus enhance the Group's positioning and widen its influence on the PRC natural gas market. As the exploration and production of crude oil business of the Group is relatively stable which brings stable income stream to the Group, it is the current intention and plan of the Company to continue the operation of the exploration and production of crude oil business. After the natural gas business of the Group has become mature, the Company will determine the business strategy and plan in relation to the exploration and production of crude oil business of the Group.

The Acquisition will also allow the Group to absorb a professional team of management in natural gas distribution business, which will strengthen the capabilities of the Group in the management and operation of its natural gas business and will facilitate potential expansion.

The Directors (including the independent non-executive Directors who have expressed their views after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Acquisition under the Acquisition Agreement are fair and reasonable and in the interest of the Shareholders and the Group as a whole.

VIII. CONTINUING CONNECTED TRANSACTIONS ARISING FROM THE ACQUISITION

As at the Latest Practicable Date, PetroChina owns 2,513,917,342 Shares, representing approximately 50.75% of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, was deemed to be interested in 2,811,841,342 Shares, representing approximately 56.76% of the issued share capital of the Company. Both CNPC and PetroChina are the controlling shareholders of the Company, thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules. As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company, the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and CNPC or PetroChina and their respective associates will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

After the Completion of the Acquisition, Beijing Gas Group Company Limited, the wholly-owned subsidiary of Beijing Enterprises Holdings, will continue holding 40% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited will become the substantial shareholder of the subsidiary of the Company, thus a connected person of the Company under Chapter 14A of the Listing Rules. The continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited and its associates (through an arrangement between the Company and PetroChina) will become continuing connected transactions of the Company and the Company will comply with the applicable reporting, annual review and disclosure requirements according to Rule 14A.41 of the Listing Rules.

Set out below are the continuing connected transactions arising from the Acquisition which will be required to comply with reporting, announcement and Independent Shareholders' approval requirements (where applicable) under the Listing Rules.

(1) Provision of transmission of natural gas service from PetroChina Beijing Gas Pipeline Co., Ltd to Beijing Gas Group Company Limited (through an arrangement between the Company and PetroChina)

PetroChina Beijing Gas Pipeline Co., Ltd has entered into an agreement with PetroChina (the "**Natural Gas Transmission Agreement**"), pursuant to which PetroChina has commissioned PetroChina Beijing Gas Pipeline Co., Ltd for the transmission of natural gas to its designated natural gas buyers and PetroChina Beijing Gas Pipeline Co., Ltd has commissioned PetroChina to collect from such natural gas buyers payments relating to the natural gas transmission. Beijing Gas Group Company Limited is one of such natural gas buyers designated by PetroChina.

The term of the Natural Gas Transmission Agreement is from 1 January 2006 until both parties agree to terminate the agreement. Under the Natural Gas Transmission Agreement, the pipeline transmission fee shall be payable on such basis as set out in the agreement entered into between PetroChina and the relevant natural gas buyers. PetroChina, in collecting the natural gas payments from its buyers, shall also demand transmission payment from such buyers. In addition, PetroChina is required to despatch invoices to the natural gas buyers in respect of the pipeline transmission fee due. PetroChina Beijing Gas Pipeline Co., Ltd shall be obliged to provide transmission of natural gas service to the natural gas buyers as designated by PetroChina. As Beijing Gas Group Company Limited is one of the natural gas buyers of PetroChina, PetroChina Beijing Gas Pipeline Co., Ltd has provided, and will continue to provide, pipeline transmission service to Beijing Gas Group Company Limited in accordance with the Natural Gas Transmission Agreement.

After the Completion of the Acquisition, Beijing Gas Group Company Limited, the wholly-owned subsidiary of Beijing Enterprises Holdings, will continue to hold 40% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. and Beijing Gas Group Company Limited will become the substantial shareholder of the subsidiary of the Company, thus connected person of the Company under Chapter 14A of the Listing Rules. The continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited and its associates (through the Natural Gas Transmission Agreement) will become continuing connected transactions of the Company.

Pursuant to Rule 14A.41 of the Listing Rules, the Natural Gas Transmission Agreement (only in respect of the transactions between PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited arising from the agreement) is subject to applicable reporting, annual review and disclosure requirements according to Rule 14A.41 of the Listing Rules. The Company will comply with all relevant reporting, disclosure, and, if applicable Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Natural Gas Transmission Agreement.

(2) Master Agreement and the subsequent supplemental agreements in relation to the provision of general products and services by the CNPC Group to the Group and vice versa

References are made to the Company's announcement dated 19 May 2010 and circular dated 25 May 2010 in relation to certain continuing connected transactions of the Group.

The Group entered into (i) the Xinjiang Contract and the Liaohe Contract (together, the PSAs) with CNPC in 1996 and 1997 respectively and (ii) the Master Agreement in 2003, which was subsequently amended in 2006 pursuant to the First Supplemental Agreement, pursuant to the Second Supplemental Agreement in 2009 and the Third Supplemental Agreement in 2010.

Under the PSAs, the Group procures from the CNPC Group on a continuing basis certain services and assistance such as personnel training, leasing of warehouses and terminal facilities and utilisation of transportation and communication facilities. The term of the Xinjiang Contracts runs from 1 September 1996 to 31 August 2021 with an initial approved production period of 12 years which was set to expire in August 2008. In April 2008, the Company and CNPC, having obtained the approval of the State Council of the PRC, extended the production period of the Xinjiang Contract for eight years which is set to expire on 31 August 2016. The terms of the Liaohe Contract runs from 1 March 1998 to 28 February 2018.

The Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group in relation to its oil exploration and product projects. The Master Agreement was amended by the First Supplemental Agreement in 2006, by the Second Supplemental Agreement in 2009 and by the Third Supplemental Agreement in 2010. Pursuant to the Master Agreement (as amended), the range of products and services to be procured from the CNPC Group to the Group and vice versa include oil and gas products, general products and services and rental services. The Master Agreement, as extended by the Second Supplemental Agreement, will expire on 31 December 2011. For details of the PSAs and the Master Agreement (as amended), please refer to the announcement and the circular of the Company dated 19 May 2010 and 25 May 2010 respectively.

(a) Provision of products and services by CNPC Group to the Group

CNPC Group has been providing the following products and services to PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary:

(i) agency service, which CNPC Group acts as the agent for debt collection from customers on behalf of PetroChina Beijing Gas Pipeline Co., Ltd;

(ii) construction, repair and maintenance of pipelines services;

(iii) financial services, including but not limited to loans and deposit services and the associated interest incomes and expenses, guarantees and entrustment services; and

(iv) purchase of natural gas.

As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company as a result of the Completion, the above transactions will be subject to the terms and conditions of the Master Agreement (as supplemented). Further, the annual expenditure incurred by PetroChina Beijing Gas Pipeline Co., Ltd for using the products and services from the CNPC Group will be aggregated with the existing annual caps for the relevant category under the Master Agreement (as supplemented). Thus, the annual expenditure to be incurred by PetroChina Beijing Gas Pipeline Co., Ltd for using the products and services by the CNPC Group will increase the annual cap figures for existing continuing connected transactions regarding the provision of products and services by the CNPC Group to the Group under the Master Agreement (as supplemented) and should therefore be subject to reporting, announcement and Independent Shareholders' approval requirement.

The expenditure incurred by PetroChina Beijing Gas Pipeline Co., Ltd for using the products and services provided by the CNPC Group was approximately RMB1.1 billion, RMB1.3 billion, RMB5.3 billion and RMB3.5 billion respectively for the three years ended 31 December 2009 and the nine months ended 30 September 2010.

(b) Provision of products and services by the Group to the CNPC Group

PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary have been providing the following products and services to the CNPC Group:

(i) transportation of natural gas; and

(ii) leasing services, including leasing of certain offices, commercial building, etc.

As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company as a result of the Completion, the above transactions will be subject to the terms and conditions of the Master Agreement (as supplemented). Further, the annual revenue generated from the provision of products and services by PetroChina Beijing Gas Pipeline Co., Ltd to the CNPC Group will be aggregated with the existing annual caps for the relevant category under the Master Agreement (as supplemented). Thus, the annual revenue to be generated by PetroChina Beijing Gas Pipeline Co., Ltd for providing the products and services to the CNPC Group will increase the annual cap figures for existing continuing connected transactions regarding the provision of products and services by the

Group to the CNPC Group under the Master Agreement (as supplemented) and should therefore be subject to reporting, announcement and Independent Shareholders' approval requirements.

The revenue generated by PetroChina Beijing Gas Pipeline Co., Ltd for providing the products and services to the CNPC Group was approximately RMB0.8 billion, RMB0.9 billion, RMB0.9 billion and RMB0.8 billion respectively for the three years ended 31 December 2009 and the nine months ended 30 September 2010.

(3) Proposed Revised Caps in Relation to the Continuing Connected Transactions

The table below sets out the annual caps for the continuing connected transactions in relation to the Master Agreement (as amended):

Category of continuing connected transactions	**Historical Amount**	**Year ending 31 December 2011**	
		Existing Caps *(Note 1)*	**Revised Caps**
(a) Provision of products and services by the CNPC Group to the Group under the PSAs, the Master Agreement, and for the avoidance of doubt including those under the Second Supplemental Agreement but excluding the Oil and Gas Products *(Note 2)*	For each of the two years ended 31 December 2009 and the six months ended 30 June 2010, approximately HK$1,199.8 million, HK$809.4 million and HK$407.7 million respectively. *(Note 3)*	HK$4,093.0 million *(Note 4)*	HK$11,547.0 million *(Note 5)*
(d) Purchase of Oil and Gas Products from the CNPC Group by the Group under the Second Supplemental Agreement *(Note 6)*	For each of the two years ended 31 December 2009 and the six months ended 30 June 2010, approximately HK$2,151.1 million, HK$971.9 million and HK$452.8 million respectively. *(Note 7)*	HK$5,251.0 million *(Note 4)*	HK$5,759.0 million *(Note 8)*
(e) Provision of products and services by the Group to the CNPC Group under the Third Supplemental Agreement *(Note 9)*	For the six months ended 30 June 2010, approximately HK$135.7 million. *(Note 10)*	HK$1,400.0 million *(Note 4)*	HK$2,928.0 million *(Note 11)*

Notes:

1. In respect of the above continuing connected transactions, the Directors have estimated the revised annual transaction figures (namely the Revised Caps) for the financial year ending 31 December 2011 on the following basis:

   (a) the continuing connected transactions will continue to be entered into on the terms and conditions set out the Master Agreement (as supplemented);

   (b) the continuing connected transactions will continue to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms;

   (c) the Existing Caps of the relevant categories of the continuing connected transactions as approved by the Independent Shareholders on 10 June 2010;

   (d) the transaction figures for the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and the CNPC Group;

   (e) references have been made to the historical amounts (if any) for the products and services provided by the Group to the CNPC Group and vice versa, the expected growth of the Group in light of the restructuring of the Company and the diversification into natural gas downstream distribution and application business, and projected price increases (including natural gas price increases);

   (f) the appreciation of the RMB against HK$.

2. Considering the nature of the products and services provided by the CNPC Group, the products and services provided by the CNPC Group as described in 2(a)(i), (ii) and (iii) under section VIII of this circular will be categorised in this category of continuing connected transactions.

3. The historical amounts for each of the two years ended 31 December 2009 and the six months ended 30 June 2010 for the provision of products and services by the CNPC Group to the Group under the PSAs, the Master Agreement, and for the avoidance of doubt including those under the Second Supplemental Agreement but excluding the Oil and Gas Products (without taking into account the provision of products and services by the CNPC Group to PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary before the Acquisition).

4. The Existing Caps which were approved by the Independent Shareholders in the extraordinary general meeting of the Company held on 10 June 2010.

5. As approved by the Independent Shareholders in the extraordinary general meeting of the Company held on 10 June 2010, the annual caps for the provision of products and services by the CNPC Group to the Group under the PSAs, the Master Agreement, and for the avoidance of doubt including those under the Second Supplemental Agreement but excluding the Oil and Gas Products will be HK$4,093.0 million for the financial year ending 31 December 2011. The estimated annual figures for the provision of products and services by the CNPC Group to PetroChina Beijing Gas Pipeline Co., Ltd and its associates after the Acquisition will be HK$7,358.7 million. The Revised Caps are the estimated annual caps for the provision of products and services by the CNPC Group to the Group (taking into account the increase of HK$95.3 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the provision of products and services by the CNPC Group to PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary after the Acquisition.

6. Considering the nature of the products provided by the CNPC Group, the products provided by the CNPC Group as described in 2(a)(iv) under section VIII of this circular will be categorised in this category of continuing connected transactions.

7. The historical amounts for each of the two years ended 31 December 2009 and the six months ended 30 June 2010 for the purchase of Oil and Gas Products by the Group under the Second Supplemental Agreement (without taking into account the purchase of gas by PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary before the Acquisition).

8. As approved by the Independent Shareholders in the extraordinary general meeting of the Company on 10 June 2010, the annual caps for purchase of Oil and Gas Products by the Group under the Second Supplemental Agreement from the CNPC Group will be HK$5,251.0 million for the financial year ending 31 December 2011. The annual figures for the purchase of natural gas by PetroChina Beijing Gas Pipeline Co., Ltd and its associates from the CNPC Group after the Acquisition will be HK$319.0 million. The Revised Caps are the estimated annual caps for the purchase of Oil and Gas Products by the Group under the Second Supplemental Agreement from the CNPC Group (taking into account the increase of HK$189.0 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the purchase of gas by PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary from the CNPC Group after the Acquisition.

9. Considering the nature of the products and services provided by the Group to the CNPC Group, the products provided by the Group as described in 2(b)(i) and (ii) under VIII of this circular will be categorised in this category of continuing connected transactions.

10. The historical amounts for the six months ended 30 June 2010 for the provision of products and services by the Group to the CNPC Group under the Third Supplemental Agreement (without taking into account the provision of products and services by PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary to the CNPC Group before the Acquisition).

11. As approved by the Independent Shareholders in the extraordinary general meeting of the Company on 10 June 2010, the annual caps for the provision of products and services by the Group to the CNPC Group under the Third Supplemental Agreement will be HK$1,400.0 million for the financial year ending 31 December 2011. The annual figures for the provision of products and services by PetroChina Beijing Gas Pipeline Co., Ltd and its associates to the CNPC Group after the Acquisition will be HK$1.458.4 million. The Revised Caps are the estimated annual caps for the provision of products and services by the Group to the CNPC Group (taking into account the increase of HK$69.6 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the provision of products and services by the PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary to the CNPC Group after the Acquisition.

(a) Reasons for and Benefits of the New Continuing Connected Transactions

The Company is an enterprise whose business operations are in petroleum upstream business and natural gas downstream distribution and application business. CNPC, on the other hand, is an enterprise whose business operations cover a broad spectrum of upstream and downstream activities, domestic marketing and international trade, technical services, and equipment manufacturing and supply. CNPC is a major producer and supplier of petrochemical products. CNPC is also involved in the provision of operational services and technical support in such areas as geophysical prospecting, well drilling, logging, well testing, downhole operations, oilfield surface facilities construction, pipeline construction, refining and petrochemical projects, and manufacturing and supply of petroleum equipment.

In view of the strengths and scope of CNPC's business activities and the strong favourable support that such continuing connected transactions would bring to the Company's business activities, the Board considers that it is beneficial for

the Company to carry out the continuing connected transactions with the CNPC Group as these transactions have facilitated and will continue to facilitate the Group's business operations. The continuing connected transactions will be conducted in the ordinary and usual course of business of the Group. These transactions will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Company.

Further, the Company contemplates that the CNPC Group will be one of the customers as the Company expands into natural gas downstream distribution. The Group will continue to be able to provide products and services to the CNPC Group, which will further enhance the business growth of the Group.

The continuing connected transactions arising from the Acquisition are or will be entered into in the ordinary and usual course of business of the Group on normal commercial terms and the Board is of the general view that it is in the interests of the Company and the Shareholders as a whole to carry on the continuing connected transactions as those transactions have facilitated and will continue to facilitate the business operation of the Group (which will include PetroChina Beijing Gas Pipeline Co., Ltd after the Acquisition). The Directors (including the independent non-executive Directors who have expressed their views after considering the advice of the Independent Financial Adviser) are of the view that the Revised Caps for the continuing connected transactions under category (a), category (d) and category (e) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IX. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, PetroChina owns 2,513,917,342 Shares, representing approximately 50.75% of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, is deemed to be interested in 2,811,841,342 Shares, representing approximately 56.76% of the issued share capital of the Company. Both CNPC and PetroChina are the controlling shareholders of the Company, thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Acquisition constitutes a connected transaction of the Company. As some of the applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules for the Acquisition is more than 100%, the Acquisition constitutes a very substantial acquisition and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules respectively and is subject to requirements for reporting, announcement and approval by the Independent Shareholders at the SGM by way of poll.

Both CNPC and PetroChina are the controlling shareholders of the Company, thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules. As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes subsidiary of the Company, the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and CNPC or PetroChina and their respective associates will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Revised Caps for the relevant continuing connected transactions exceed 5% on an annual basis, the Revised Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

After the Completion of the Acquisition, Beijing Gas Group Company Limited, the wholly-owned subsidiary of Beijing Enterprises Holdings, will continue to hold 40% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. Accordingly, Beijing Gas Group Company Limited will become the substantial shareholder of a subsidiary of the Company, and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and Beijing Gas Group Company Limited and its associates (through an arrangement between the Company and PetroChina) will become continuing connected transactions of the Company and the Company will comply with the applicable reporting, annual review and disclosure requirements according to Rule 14A.41 of the Listing Rules.

As the applicable percentage ratios for the Revised Caps for the relevant continuing connected transactions exceed 5% on an annual basis, the Revised Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

X. INCREASE OF AUTHORISED SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company is HK$80.0 million, divided into 8,000,000,000 Shares, of which 4,954,023,512 Shares were issued and only 3,045,976,488 Shares, representing approximately 38.07% of the authorised share capital of the Company, remained unissued and available for further allotment and issue by the Company.

In order to ensure that a sufficient number of unissued Shares are available for the Company for allotment and issue to PetroChina as the Consideration Shares in relation to the Acquisition, the Directors propose to increase the authorised share capital of the Company denominated in Hong Kong dollar from HK$80.0 million to HK$160.0 million by the creation of an additional 8,000,000,000 Shares, which will rank pari passu with all the existing Shares when issued. An ordinary resolution to this effect will be proposed at the SGM for consideration by the Shareholders.

XI. SPECIAL GENERAL MEETING

The SGM will be convened and held at Everest Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 11 March 2011 (Friday) at 11:00 a.m. for the Independent Shareholders to consider and, and if thought fit, approve among other things:

(1) the Acquisition Agreement and the transactions contemplated thereunder;

(2) the Revised Caps for the continuing connected transactions; and

(3) the increase of the authorised share capital of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders apart from CNPC and PetroChina and their respective Associates shall abstain from voting on the resolution approving the Acquisition Agreement and the transactions contemplated thereunder and the Revised Caps for the continuing connected transactions, and no Shareholder shall abstain from voting on the resolution approving the proposed increase of the authorised share capital of the Company.

The votes to be taken at the SGM in relation to the above proposed resolutions will be taken by poll.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Acquisition and the Revised Caps for the continuing connected transactions. ING has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular. A proxy form for use at the SGM is enclosed. At the SGM, ordinary resolutions will be proposed to approve, among other things, the Acquisition Agreement and the transactions contemplated thereunder, the Revised Caps for the continuing connected transactions and the increase of the authorised share capital of the Company.

XII. RECOMMENDATION

Based on the relevant information disclosed herein including, the industry overview, the operation of the Target Group, risk factors and legal and regulatory environment, the Directors believe that the terms of the Acquisition Agreement are fair and reasonable and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole. The Directors further believe that the Revised Caps for the continuing connected transactions are fair and reasonable. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM in relation to the Acquisition Agreement and the transactions contemplated thereunder and the Revised Caps for the continuing connected transactions.

Your attention is drawn to the letter from the Independent Board Committee which is set out on page 47 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Acquisition is fair and reasonable and is in the interests of the Company and its Shareholders as a whole and the proposed continuing connected transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

XIII. ADDITIONAL INFORMATION

A letter of recommendation from the Independent Board Committee is set out on page 47 of this circular, which contains its recommendation to the Independent Shareholders, and the letter of advice from the Independent Financial Adviser is set out on pages 48 to 86 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders. Your attention is also drawn to the financial and general information set out in the appendices to this circular.

By Order of the Board
Li Hualin
Chairman

BUSINESS ENVIRONMENT AND GENERAL DEVELOPMENT

Natural gas is a clean, environmentally friendly and high-quality energy. Compared with more conventional energy sources such as coal and crude oil, the price of natural gas per unit of heat is lower. Active development for the use of natural gas resources has, therefore, become a general trend of the world energy. With the continued economic development in the PRC and the increased awareness of environmental protection of the government, medium and large cities are increasingly turning to natural gas as a clean source of energy. According to the BP Statistical Review of World Energy[1] issued in June 2010, through the rapid growth in recent years, the natural gas consumption in the PRC in 2009 reached 88.7 billion m^3, representing a compound annual growth rate of 15.4% since 2000. The production volume of natural gas in the PRC for the same year amounted to 85.2 billion m^3, representing a compound annual growth rate of 13.5% since 2000, which was lower than the growth rate of consumption. As a result, there is a certain shortage of natural gas in the PRC. According to a forecast by Business Monitor International[2], such shortage will continue to expand in the next 5 years, reaching 37 billion m^3 in 2014. Compared with more conventional energy sources such as oil and coal, natural gas is perceived as a clean energy with better development potential.

Notes:

[1] *Source:* BP Statistical Review of World Energy was not commissioned by the Company. It was first published in 1951. Professionals in the media, academia, world governments and energy companies value the review as a comprehensive reference. It currently has a circulation of 60,000 printed copies delivered worldwide. The statistics in the review are compiled using a combination of primary official sources from government, published data and other sources which are considered to be reliable, including Organization of the Petroleum Exporting Countries (OPEC), Energy Information Administration (EIA), International Energy Agency (IEA), Organisation for Economic Co-operation and Development (OECD), Oil and Gas Journal, Energy Intelligence Group, World Energy Council etc., assuming the relevant data and other sources are accurate and up-to-date.

[2] *Source:* Business Monitor International was not commissioned by the Company. Business Monitor International is based in London, with foreign offices in Singapore, New York and South Africa. Its customers and clients span more than 140 countries worldwide, including more than 400 of the Global Fortune 500 companies. Business Monitor International was awarded the Queen's Award for Export Achievement in 1997. Business Monitor International's industry forecasts are generated using the best-practice techniques of time-series modeling. They examine national energy policy, stated output goals and investment levels, company-specific capacity data, output targets and capital expenditures as well as international quotas, guidelines and projections from sources such as OPEC, IEA and EIA.

COMPETITION LANDSCAPE

The major means of transportation of natural gas are pipeline transportation, vehicular transportation and sea transportation. Among the various means of transportation of natural gas, pipeline transportation has the obvious advantages of large transportation volume, fewer wastages in transportation, less leakage of fuel gas as well as liquid and solid wastes (which is beneficial for environmental and ecological protection), all-weather uninterrupted transportation, relatively high level of safety and relatively low energy consumption. As the largest natural gas reserve in the PRC is located in the west, pipeline construction is a better investment for transporting the natural gas to the cities in the east. Vehicular transport of compressed natural gas may serve a complementary role but can only cater to the demand for natural gas in suburbs and its small physical coverage and high cost have made it

incomparable with pipeline transportation. Playing a similar complementary role, sea transportation of (LNG) entails high transportation cost and large investment in gasification. Take for example the Tangshan LNG project, yet another gas source for the capital city, Beijing, where the gasified natural gas will require further transportion through the natural gas pipelines of the Target Company. In light of the above, pipeline transportation represents a major means of transportation of natural gas, whereby operators transport natural gas to the target markets through long-distance pipelines and local suppliers provide the natural gas to the end users through the branch pipeline network within a city. Due to geographic and climatic factors, the demand for natural gas in northern China and the Bohai Rim region is particularly strong. The Shaanxi-Beijing Pipelines operated by the Target Company focuses on Beijing and the northern part of the PRC and the Target Company is one of the major suppliers providing natural gas pipeline transmission in the PRC. In order to meet the rapidly growing demand, the Target Company has been committed to actively expanding its pipeline network.

At present, the major gas pipeline network in the PRC comprises the First West-East Natural Gas Transmission Pipeline (from Xinjiang to Shanghai), the Second West-East Natural Gas Transmission Pipeline (from Xinjiang to Guangdong), Zhong-Wu Pipeline (from Chongqing to Wuhan), Sichuan East-Bound Gas Pipeline (from Sichuan to Shanghai), the No. 1 and No. 2 Shaanxi-Beijing Pipeline (from Shaanxi to Beijing) and the No. 3 Shaanxi-Beijing Pipeline, which is under construction. Details of the major natural gas pipelines in the PRC are summarised as follows:

Project Name	Operator/ Owner	Starting Location	Ending Location	Via
Yacheng-Hong Kong Seabed Gas Pipeline	China National Offshore Oil Corporation ("CNOOC")	Nanhai	Hong Kong	Nanhai, Hong Kong
No. 1 Shaanxi-Beijing Pipeline	PetroChina	Jingbian, Shaanxi	Beijing	Shaanxi, Shanxi, Hebei, Tianjin, Beijing
Chang-Ning Pipeline	PetroChina	Jingbian, Shaanxi	Yinchuan, Ningxia	Shaanxi, Inner Mongolia, Ningxia
Se-Ning-Lan Pipeline	PetroChina	Tsaidam Basin, Qinghai	Lanzhou, Gansu	Qinghai, Gansu
The First West-East Natural Gas Transmission Pipeline Project	PetroChina	Lunnan, Xinjiang	Shanghai	Xinjiang, Gansu, Ningxia, Shaanxi, Shanxi, Henan, Anhui, Jiangsu, Shanghai
Zhongxian-Wuhan Natural Gas Pipeline	PetroChina	Zhongxian, Chongqing	Wuhan, Hubei	Chongqing, Sichuan, Hubei

Project Name	Operator/ Owner	Starting Location	Ending Location	Via
No. 2 Shaanxi-Beijing Pipeline	PetroChina	Jingbian, Shaanxi	Beijing	Shaanxi, Shanxi, Hebei, Tianjin, Beijing, Shandong
Hebei-Nanjing Connection Gas Pipeline	PetroChina	Yizheng, Jiangsu	Anping, Hebei	Jiangsu, Shandong, Hebei
Huai-Wu Connection Gas Pipeline	PetroChina	Huaiyang, Henan	Wuhan, Hubei	Henan, Hubei
Lan-Yin Pipeline	PetroChina	Lanzhou, Gansu	Yinchuan, Ningxia	Gansu, Inner Mongolia, Ningxia
Sichuan East-Bound Gas Pipeline	China Petrochemical Corporation ("Sinopec")	Puguang, Sichuan	Shanghai	Sichuan, Chongqing, Hubei, Anhui, Zhejiang, Jiangsu, Shanghai
The Second West-East Natural Gas Transmission Pipeline Project	PetroChina	Huocheng, Xinjiang	Guangdong	Xinjiang, Gansu, Ningxia, Shaanxi, Henan, Anhui, Hubei, Hunan, Jiangxi, Guangxi, Guangdong
The Third Shaanxi-Beijing Pipeline	PetroChina	Yulin, Shaanxi	Beijing	Shanxi, Hebei, Tianjin, Beijing, Shandong, Liaoning
Yulin-Jinan Gas Pipeline	Sinopec	Yulin, Shaanxi	Jinan, Shandong	Shaanxi, Shanxi, Henan, Shandong

The West-East Natural Gas Transmission Project is one of the key infrastructure projects of the PRC. Shaanxi-Beijing Pipelines take up the natural gas transmission for the Anpin section of the West-East Natural Gas Transmission Project to alleviate the problem of insufficient transmission capacity of West-East Natural Gas Transmission Pipeline.

The Hebei-Nanjing Connection Gas Pipeline via Hebei Province provides gas transmission service for Hebei Province and Jiangsu Province, its coverage is different from that of the Shaanxi-Beijing Pipelines.

The Sichuan East-Bound Gas Pipeline operated by Sinopec covers the central, southern and eastern parts of the PRC and the Yulin-Jinan Gas Pipeline under construction also targets Shandong and its southern regions, which are outside of the target areas of the Target Company and present no obvious competition.

FUTURE OPPORTUNITIES AND CHALLENGES

Given the background of the favourable economic development trend of the PRC and as natural gas is highly regarded by the government as clean energy, the business of the natural gas transmission has marked advantages. The end-users are mainly in areas with better economic development and strong market demand such as Beijing and Huabei Region.

Potential competition may come from any possible substitution by other energy sources such as coal gas, solar power and wind power. However, the processing cost of coal gas is high and not competitive at present and coal gas can only serve as a complement to natural gas and does not constitute a substantial threat. Technology to generate power from natural gas has been developed. Comparing with natural gas, other clean energy sources such as solar power and wind power, are limited by technology and extensive research and development is needed before wide application. Therefore, the Company believes other sources of clean energy will not pose any substantial competition to natural gas for the time being.

There are a number of challenges in operation, which mainly include the requirement of a timely planning to meet the rapid growth in demand and balance of the seasonal fluctuation of natural gas demand.

STATE POLICIES RELATING TO THE OIL AND NATURAL GAS PIPELINE INDUSTRY

The following are the relevant state policies relating to the oil and gas pipeline industry in the past five years:

1. On 11 October 2005, the "Communist Party of China (CPC) Central Committee's Proposal on Formulating the Eleventh Five-Year Plan for National Economic and Social Development" was passed in the Fifth Plenary Session of the 16th Central Committee of the Communist Party of China. In the Eleventh Five-Year Plan, it is stated that:

   For the energy industry, it has to strengthen the policy of energy saving and utilisation efficiency, to insist on giving high priority to energy saving, to focus on the domestic market, to build on coal as the main source for diversified development, so as to build a stable, economical and clean energy supply system.

   It has to put emphasis on both oil and gas by strengthening the exploration and development of domestic oil and natural gas, expanding overseas cooperation and development, enhancing strategic oil reserve capacity, and developing oil alternatives at a steady pace.

2. The "Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China (Discussion Draft)" has been passed in the Fifth Plenary Session of the 17th Central Committee of the Communist Party of China and will be submitted to the National People's Congress and Chinese People's Political Consultative Conference to be held in March 2011 for implementation after consideration and approval. In the Twelfth Five-Year Plan, it is stated that:

   It has to promote reform of energy production and usage patterns, to build a safe, stable, economical and clean modern energy industry system. It has to accelerate the development of new energy, to promote clean and efficient use of conventional energy sources, to actively develop hydropower under the premise of ecological protection, to develop nuclear power in a highly efficient manner based on safe operation, to strengthen power grid construction, to develop intelligent grid, to improve the oil and gas pipeline network, and to expand the strategic oil and gas reserves. In accordance with the principle of moderate advancement, it has to co-ordinate the development of various modes of transportation of oil and gas for the construction of a convenient, safe and efficient integrated transport system.

SUMMARY OF THE LAWS AND REGULATIONS ON THE PETROLEUM AND NATURAL GAS PIPELINE INDUSTRY

With the construction and operation of the petroleum and natural gas pipelines in the PRC and for their normal operation, the "Regulations on Protection of Petroleum and Natural Gas Pipelines" were issued in the 1980s in the PRC and a series of related provisions were issued subsequently, so as to strictly protect and standardise the petroleum and natural gas pipeline industry. Moreover, with the further enhancement of the strategic position of petroleum and natural gas on the economic development and security in recent years, the PRC Government has newly amended and formulated specific laws on the original provisions to further strengthen and improve the protection and standardisation for the enterprises in the petroleum and natural gas pipeline industry.

2000 Interim Regulations on Management and Supervision of Safety of Petroleum and Natural Gas Pipelines

On 24 April 2000, the PRC promulgated and implemented the "Interim Regulations on Management and Supervision of Safety of Petroleum and Natural Gas Pipelines". The regulations conducted a comprehensive and systematic standardisation on the whole process of inspection, design, manufacturing, construction, operation, testing and scrapping of pipelines for the first time, which defined the qualification requirement of related companies, tendering process of the construction and the requirements of safety supervision and management on subsequent operation and management.

Pursuant to the regulations, the pipeline companies are responsible for the safe operation of pipelines managed by them. For the new or re-opened pipelines, they should prepare operation schedules before commencement of the operation. For pipelines and equipment and facilities under operation, regular inspection and maintenance should be conducted. New pipelines should be inspected within three years from operation and inspection cycles should be determined subsequently based on the safety condition of pipelines and should not exceed eight years. General inspection should also be conducted on the pipelines and new pipelines must be inspected within one year and subsequently every one year to every three years depending on the circumstances. Meanwhile, relevant pipeline companies should strictly implement safety management regulations and technical operation procedures on pipelines in operation and safely and reasonably organised production under the unified command of the production command system. In addition, pipeline companies should also timely and accurately adjust the parameters of pipeline operation according to the changes in petroleum (gas) transportation volume and the seasonal changes.

The regulations set out standardisation requirements for the whole process of design, construction and supervision and testing for pipelines. Pursuant to the regulations, pipeline construction shall be tendered in accordance with relevant regulations of the PRC. Construction projects which were not tendered in accordance with the regulations shall not be approved for operation by relevant departments. Pipeline survey and design units must obtain relevant level of qualification approved by the building department of the State Council, and perform pipeline inspection and design within the scope provided by the qualification certificate of the building department of the State Council. The construction projects should pass the safety and hygiene preview according to the regulations before the

preliminary design. The review on the preliminary design of the construction projects should also include safety and hygiene, fire prevention and environmental protection and the safety facilities should be designed, constructed and put into use along with the main construction. The construction companies which undertake the construction of the pipelines must obtain the qualification certificates from the building department of the State Council or its assigned institutions and operate within the scope permitted by their qualification certificates. Meanwhile, the pipeline construction projects are also under a supervision system which performs pressure tests and final inspection and operation is permitted after the testing and inspection are passed. Delivery and utilisation are permitted after the final inspection under relevant regulations is passed. Information of the final inspection should be filed in accordance with the file management provisions.

2004 Approval on establishing a departmental joint conference system for safety and protection of the national oilfields and petroleum and gas pipelines

The State Council issued the approval on 4 November 2004. According to the approval, in order to strengthen the organisation and leadership for safety and protection of the national oilfields and petroleum and gas pipelines and protect the safety of oilfields and petroleum and gas pipelines, the departmental joint conference system (hereinafter referred to as the "Joint Conference") for safety and protection of the national oilfields and petroleum and gas pipelines was established with the approval of the State Council. Under the leadership of the State Council, the Joint Conference organises and studies the safety and protection of the national oilfields and petroleum and gas pipelines, formulates mid-and-long-term plan for the safety and protection of the national oilfields and petroleum and gas pipelines and suggests related policies and advices. It also organises and deploys the safety and protection of the national oilfields and petroleum and gas pipelines and directs and supervises the safety and protection of the national oilfields and petroleum and gas pipelines performed by each province, autonomous region, municipality and their relevant functional departments. It solves major problems involving relevant departments and the safety and protection of the national oilfields and petroleum and gas pipelines of related provinces, autonomous regions and municipalities. The Joint Conference comprises six departments (units) and companies, namely the Ministry of Public Security, the Central Committee for Comprehensive Management Office, the Development and Reform Commission, the Ministry of Land and Resources, China National Petroleum Corporation and China Petroleum and Chemical Corporation. The Joint Conference holds one regular meeting annually and joint meetings for all or part of the members can be held according to the instructions or needs of the Central Committee of the Party and the leaders of the State Council. The Ministry of Public Security is the lead unit of the Joint Conference as the Deputy Minister of Public Security is appointed as the Convenor of the Joint Conference and the persons-in-charge of the Central Committee for Comprehensive Management Office, the Development and Reform Commission, the Ministry of Land and Resources, China National Petroleum Corporation and China Petroleum and Chemical Corporation are members of the Joint Conference.

2009 Letter of reply on the issues of safety supervision of the long-distance petroleum and natural gas pipelines

According to the "Letter of reply on the issues of safety supervision of the long-distance petroleum and natural gas pipelines" issued by the General Office of the National Safety and Supervision Bureau on 23 June 2009, the petroleum and natural gas "pipeline facilities" are important infrastructure and the long-distance petroleum pipelines belong to transportation facilities for petroleum and natural gas production and not under the supervision for special equipment, therefore the "Regulations for safety monitoring of special equipment" do not apply to the safety supervision and management of the design, installation, usage and operation of long-distance onshore petroleum and natural gas pipelines. Pursuant to the "Regulations on Protection of Petroleum and Natural Gas Pipelines" and other regulations, the safety supervision and management department is responsible for the supervision and management of safe production of the production and operating units in the oil industry and the regulatory functions such as pressure clearing of petroleum and natural gas pipelines, the "three simultaneous" safety measures on pipeline construction projects, emergency rescue and accident investigation and handling.

2010 Notice on issues related to the forest land used in petroleum and natural gas pipeline construction

According to the "Notice on issues related to the forest land used in petroleum and natural gas pipeline construction" issued by the State Forestry Administration on 15 April 2010, the forest land "within 5 meters on both sides of the centerline of the pipelines" in the construction of petroleum and natural gas pipelines shall apply for temporary use of forest land according to the laws and the construction unit shall pay compensation for forest land and wood and the fee for restoration of forest vegetation. The compensation is based on the compensation standard for forest land (on relevant types) occupation on the project site, where the base of all forest land within the national and provincial nature reserves, national forest parks and the Northeast and Inner Mongolia major state-owned forest areas is 100%; the base of forest land within shelterbelts and forests with special use is 90%; the base of forest land of timber forest, economic forest and firewood forest and bush forest land specially assigned by the State is 80%; the base of open forest land and shrub land is 55% and the base of land suitable for afforestation and other forest land is 40%.

2010 Petroleum and Natural Gas Pipeline Protection Law

The "Petroleum and Natural Gas Pipeline Protection Law" was promulgated on 25 June 2010 and implemented on 1 October 2010 in the PRC. The law fully regulates the protection of pipelines for transportation of petroleum and natural gas in the PRC and their ancillary facilities from the legal aspect for the first time:

(1) *For the administration of pipeline protection* The Energy Department of the State Council regulates the national pipeline protection in the PRC in accordance with the law and is responsible for the organisation, preparation and implementation of the national pipeline development plan, organisation and coordination of the convergence of the development plan for national pipelines and other special plans and the coordination of major issues on protection of pipelines across

provinces, autonomous regions and municipalities. Other relevant departments of the State Council are responsible for the related works on pipeline protection within their respective functions. The Energy Departments of provinces, autonomous regions and municipalities and departments designated by the governments of the municipalities and counties regulate the pipeline protection of the administrative areas according to the law, coordinate and handle the major issues on pipeline protection in the areas, direct and supervise the related units on the performance of obligations on pipeline protection and investigate and punish offenses against pipeline safety according to the law. The other relevant departments of the local governments above county level are responsible for the related works on pipeline protection within their respective functions in accordance with relevant laws and administrative regulations.

(2) *For Pipeline Planning and Construction* According to the law, the pipeline companies have to formulate planning for pipeline construction in accordance with the development plan for national pipelines and submit the confirmed line selection for the pipeline construction to the urban and rural planning departments of the local governments above county level where the pipelines are proposed to be constructed for review; the line selection for the pipeline construction should meet the protection distance mandatorily required by relevant laws, regulations and technical specifications. Otherwise, the pipeline companies have to submit protection plans to the experts for review and can only commence construction after the approval of all departments for pipeline protection of the local governments above county level in the sites; the pipeline construction projects have to conduct environmental impact assessment according to the law; the use of land for pipeline construction has to comply with the laws and administrative regulations of the "Land Administration Law of the People's Republic of China". Land collectively owned or state-owned land with land use rights obtained by others, which is passed through with impact on the land use by the pipelines constructed according to the law has to be compensated by the pipeline companies in accordance with the land use during the construction of the pipelines; the inspection, design, construction and testing of the pipeline construction have to be performed by the inspection, design, construction and supervision units with relevant qualification and its safety protection facilities should be designed, constructed and used simultaneously with the construction of the main body of the pipelines. The quality of the pipeline products and their accessories used in pipeline construction shall comply with the mandatory requirements of national technical specifications. The completed pipelines shall be tested in accordance with relevant state requirements. The testing shall review whether the pipelines comply with the pipeline protection requirements provided by the law and delivery is subject to the pass of the tests.

(3) *Protection for pipelines in operation* The pipeline companies shall establish and improve the pipeline patrol system by employing specialised staff for the routine patrol on the pipeline routes and reporting of pipeline safety hazard in accordance with the requirements. The pipeline companies shall carry out periodic inspection and maintenance on the pipelines to ensure that they are in good condition; carry out major monitoring on sections and areas with higher risk in pipeline safety to

adopt effective measures for the prevention of pipeline accidents. The pipeline companies shall replace, repair or stop using pipelines which do not meet the safety conditions. No unit and individual shall occupy the land with land use rights obtained by the pipeline companies according to the law. For reasonable use of the land, under the conditions of protection of pipeline safety, the pipeline companies can agree with relevant units and individuals on the planting of shallow-rooted crops by them. However, any loss of crops due to pipeline patrol, inspection and repair, unless otherwise agreed, will not be compensated by the pipeline companies.

(4) *Handling of the co-ordination between the pipeline construction works and other construction works* The co-ordination between the pipeline construction works and other construction works is handled according to the law. For which are not provided in the law, it has to be agreed between both parties of the construction works based on the following principles and necessary facilities shall be provided for each other: latter construction works commenced shall submit to those commenced or completed; for construction works commenced simultaneously, those latter approved shall submit to those already approved. The latter construction works commenced or approved shall comply with the safety protection requirements of those already commenced, completed or approved. For construction works which require alteration, relocation or addition of protection facilities of those already commenced, completed or approved, the latter party of those commenced or approved shall bear the increased costs.

PROPOSED LEGISLATIVE AMENDMENTS OR GOVERNMENT POLICIES AND REGULATIONS

In the recent years, the PRC has implemented protective and encouraging regulations and polices for the development and utilisation and transmission of natural gas. Currently, the Company is not aware of any amendments or changes to those regulations and polices which materially affect the business engaged by the Target Company.

CERTIFICATES AND PERMITS REQUIREMENTS

In relation to the operation business of gas transportation and transmission engaged by the Target Company, beside the Production Safety License, no other prerequisite administrative approval is required. The Target Company has currently obtained the "Production Safety License" issued by the State Administration of Work Safety (No. (Guo) FM An Xu Zheng Zi [2009] 098) and the business license issued by Beijing Industry and Commerce Bureau. The term of the Production Safety License commenced on 18 June 2009 and will expire on 17 June 2012. Pursuant to the operating license held by the Target Company, the operating term of the Target Company commenced on 31 July 2002 and will expire on 30 July 2032. The scope of business comprises: permitted operating items – nil; general business includes: organising and managing the planning, design and construction of Beijing's natural gas pipeline and ancillary project; coordinating, arranging and managing the gas supply from oil field to Beijing; organising the comprehensive utilisation of oil and gas in Beijing; providing technical services of the gathering, transmission, processing and use of natural gas; technology development, consultation, transfer and training; export of the

technological products produced by the Company; and the import of mechanical equipment, spare parts, raw and supplementary materials and technology needed by the Target Company, except for the goods and technology for which are restricted to specific companies or are prohibited for import and export by the state.

KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135)
(Formerly known as CNPC (Hong Kong) Limited
中國(香港)石油有限公司)*

19 February, 2011

To the Independent Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST IN PETROCHINA BEIJING GAS PIPELINE CO., LTD INVOLVING ISSUE OF CONSIDERATION SHARES
(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 19 February, 2011 of the Company (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Acquisition and the Revised Caps for the continuing connected transactions, details of which are set out in the "Letter from the Board" in the Circular to the Shareholders.

Having taken into account the advice of the Independent Financial Adviser, we consider that the terms of the Acquisition contemplated under the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Furthermore, we are of the opinion that the Revised Caps for the continuing connected transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Acquisition contemplated under the Acquisition Agreement and Revised Caps for the proposed continuing connected transactions as set out in the notice of the SGM to be held on 11 March 2011.

Yours faithfully,
Independent Board Committee

Lau Wah Sum **Li Kwok Sing Aubrey** **Liu Xiao Feng**

* *For identification purpose only*

The following is the text of the letter prepared by ING setting out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



36/F One International Finance Centre,
1 Harbour View Street, Central, Hong Kong

19 February 2011

To the Independent Board Committee and Independent Shareholders of Kunlun Energy Company Limited

Dear Sirs,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 60% EQUITY INTEREST IN PETROCHINA BEIJING GAS PIPELINE CO., LTD INVOLVING ISSUE OF CONSIDERATION SHARES
(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the Revised Caps (together, the "**Transactions**"), details of which are set out in the circular dated 19 February 2011 to the Shareholders (the "**Circular**"), of which this letter forms part.

This letter sets out our evaluation of the Transactions and our recommendation in relation thereon to the Independent Board Committee and the Independent Shareholders, and is prepared for inclusion in the Circular. Unless otherwise defined, all terms defined in the Circular shall have the same meanings herein.

On 31 December 2010, Kunlun Energy Company Limited ("**Kunlun Energy**" or the "**Company**") and PetroChina Company Limited ("**PetroChina**") entered into the Acquisition Agreement pursuant to which the Company will acquire from PetroChina the 60% equity interest in 中石油北京天然氣管道有限公司 PetroChina Beijing Gas Pipeline Co., Ltd ("**PetroChina Beijing Gas Pipeline Co., Ltd**" or the "**Target Company**"), currently owned by PetroChina, for a total consideration of approximately RMB18,870.9 million (equivalent to approximately HK$21,973.3 million).

As at the Latest Practicable Date, PetroChina owns 2,513,917,342 Shares, representing approximately 50.75% of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, was deemed to be interested in 2,811,841,342 Shares, representing approximately 56.76% of the issued share capital of the Company. As

some of the applicable percentage ratios referred to in Chapters 14 and 14A of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules respectively and is subject to reporting, announcement and approval requirements by the Independent Shareholders.

If PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company, the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and CNPC or PetroChina and their respective associates would become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the Revised Caps for the relevant continuing connected transactions exceed 5% on an annual basis, the Revised Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. CNPC and PetroChina and their respective associates shall abstain from voting on the resolutions approving the Acquisition and the Revised Caps.

We were neither a party to the negotiations entered into by Kunlun Energy in relation to the Transactions, nor were we involved in the deliberations leading up to the decision of the Directors to enter into the Transactions. We do not, by this letter, warrant the merits of the Transactions, other than to form an opinion, for the purpose of the Listing Rules, on whether the terms and conditions of the Transactions are fair and reasonable and in the interests of Kunlun Energy and its Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote.

BASIS OF ADVICE

In formulating our opinion and recommendation with regards to the Transactions, we have reviewed, among others, the Circular, the Acquisition Agreement, the Master Agreement, the First Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement and annual and interim reports of Kunlun Energy. We have considered information, statements, opinions and representations, given in writing and orally, by the management of Kunlun Energy (the "**Management**"). We also reviewed research studies, market data and publicly available information as we deemed necessary. We have relied, without assuming any responsibility for independent verification, on the information and the facts about the Transactions and Kunlun Energy as supplied by the Management, as well as research studies, market data and publicly available information. We have assumed that all statements, information, opinions and representations made to us or contained or referred to in the Circular provided by Kunlun Energy are true, accurate, and complete in all material respects at the time they were made and continue to be so as at the date hereof and that we have relied on the same.

We have been advised by the Management that all material relevant information has been supplied to us and believe that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We have assumed that all statements of belief, opinion and intention made by the Management as set forth in the Circular were reasonably made after due and careful enquiries and that there are no other

facts or representations, the omission of which would make any statement, information, opinion or representation in the Circular, including this letter, misleading in any material respects.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion and recommendation. We are not aware of, and have no reason to suspect that, any facts or circumstances, which would render the information provided or the representations made to us untrue, inaccurate or misleading in any material respects, nor do we suspect that any material facts have been omitted or withheld from the information supplied in the Circular. We have not, however, carried out any independent verification of the information provided to us by the Management, or conducted any form of investigation into the commercial viability or the future prospects of the businesses and affairs of the Target Company and its subsidiary (the "**Target Group**") and Kunlun Energy. We have further assumed that all material governmental, regulatory, or other consents and approvals necessary for the effectiveness and implementation of the Transactions have been or will be obtained without any delay, limitation, restriction or condition or otherwise which may have any adverse effect on the business of Kunlun Energy or the contemplated benefits of Kunlun Energy.

We have not commented on the merits or otherwise of the Transactions other than to form an opinion, solely from a financial point of view, as to the fairness and reasonableness of the Transactions for the purpose of making a recommendation to the Independent Board Committee and the Independent Shareholders. We have not assumed any responsibility for any aspect of the work that any professional advisers have produced regarding the Transactions and we have assumed as true and accurate and not misleading any work produced by such advisers. We have not provided, obtained or reviewed any tax, regulatory, accounting, actuarial or other advice and as such assume no liability or responsibility in connection therewith. Accordingly, in providing our opinion, we have not taken into account the possible implications of any such advice.

In connection with the formulation and delivery of our opinion to the Independent Board Committee and the Independent Shareholders, we have performed a variety of commonly used financial, comparative, and valuation analyses. The formulation of a fairness and reasonableness opinion involves various determinations as to the most appropriate and relevant methods of financial, comparative and valuation analyses, and the application of those methods to the particular circumstances. Furthermore, in arriving at our opinion, we did not attribute any particular weight to any analysis or factor, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, we believe that our analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying our opinion.

Our opinion is necessarily based upon the financial, economic, market, regulatory, legal and other conditions as they exist on, and the facts, information and opinions made available to us as of the date of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Transactions, we have taken into account the following principal factors and reasons:

1. Overview of the Transactions

A. The Transactions

On 26 November 2010, PetroChina arranged to sell the 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd ("**Relevant Equity Interest**") through open tender on the China Beijing Equity Exchange pursuant to the relevant PRC laws and regulations governing the disposal of state-owned assets. The Company submitted an application to acquire and bid for the Relevant Equity Interest on 20 December 2010. A deposit of RMB60.0 million (equivalent to approximately HK$69.9 million) has been paid by the Company after the entering of the Acquisition Agreement which will be refunded to the Company within five working days of the Completion. The open tender was closed on 24 December 2010. On 24 December 2010, the Company was informed that it is the successful bidder.

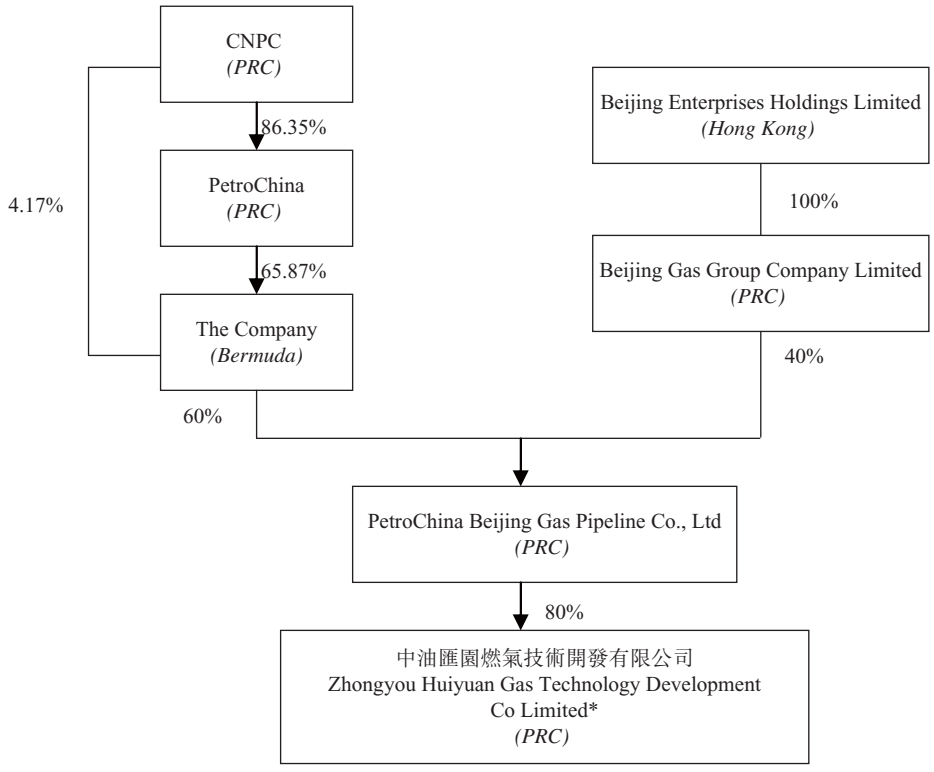
Subsequently on 31 December 2010, the Company entered into the Acquisition Agreement with PetroChina, pursuant to which the Company has conditionally agreed to purchase, and PetroChina has conditionally agreed to sell, the Relevant Equity Interest at a consideration of RMB18,870,933,600 (equivalent to approximately HK$21,973.3 million), equivalent to the base price of the Relevant Equity Interest put on open tender by PetroChina.

As at the Latest Practicable Date, the remaining 40% equity interest of PetroChina Beijing Gas Pipeline Co., Ltd was held by Beijing Enterprises Holdings Limited ("**Beijing Enterprises Holdings**"), through its wholly-owned subsidiary, Beijing Gas Group Company Limited.

The Consideration shall be satisfied upon the Completion entirely by the allotment and issue of 2,194,384,791 new shares (the "**Consideration Shares**") at the issue price of HK$10.02 per Consideration Share (the "**Issue Price**"). The Consideration Shares represent approximately 30.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The following is the simplified shareholding structure chart of the Company and the Target Group immediately after the Completion:

Chart 1: Shareholding Structure Chart of the Company and the Target Group immediately after the Completion



Source: Company

** For identification purpose only*

B. Kunlun Energy

Kunlun Energy is an investment holding company and was listed on the Stock Exchange on 1 June 1988. The Group is principally engaged in the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia. The Group is also engaged in the sale of vehicle fuel gas, city gas and related natural gas business in the PRC as well as pipeline business in Bohai and Tianjin through its joint venture entities.

Exploration and production business is still the Group's major source of revenue, profit and cash flow. The Group has started to develop the end-user sale and utilisation of natural gas business since 2009 through equity acquisition, capital injection and the formation of new wholly-owned company or joint ventures. The following table summarises the revenues generated from different business segments of the Group during the two years ended 31 December, 2008 and 2009 and the six months period ended 30 June 2010:

Table 1: Business segmentation of the Group

	Year ended 31 December		Six months ended 30 June
	2008	**2009**	**2010**
HK$'000, unless otherwise specified			
Exploration & production	5,208,347	3,151,102	2,240,133
Natural gas distribution	–	2,129,083	1,486,011
Total revenue	**5,280,347**	**5,280,185**	**3,726,144**

Source: Appendix I to the Circular

C. PetroChina Beijing Gas Pipeline Co., Ltd

As at the Latest Practicable Date, PetroChina Beijing Gas Pipeline Co., Ltd was 40% owned by Beijing Gas Group Company Limited (the "**Beijing Gas**") and 60% owned by PetroChina. The primary business activity of PetroChina Beijing Gas Pipeline Co., Ltd is natural gas transmission which provides services to city gas operators along the Shaanxi-Beijing gas transmission pipelines ("**Shaanxi-Beijing Pipelines**"). The target regions include Beijing Municipality, Tianjin Municipality, Hebei Province, Shandong Province and those areas along the gas pipelines in Shaanxi Province and Shanxi Province.

Shaanxi-Beijing Pipelines currently comprise of the operational No. 1 and 2 long pipelines ("**No. 1 Shaanxi-Beijing Pipeline**" and "**No. 2 Shaanxi-Beijing Pipeline**") with an approximate total length of 2,200 kilometres and a total annual capacity of 20 billion cubic metres. The transmission system of the Target Group links the gas-rich North Shaanxi region, Tarim Basin and Central Asia with Beijing and Huabei region, which are amongst the PRC's largest natural gas markets and have seen strong increase in the demand for natural gas.

As stated in the "Letter from the Board", based on the report published by CEIC Data Company Ltd ("CEIC") in August 2010, the natural gas consumption volumes in Beijing, Tianjin, Hebei Province and Shandong Province accounted for 7.5%, 2.1%, 2.1% and 4.2%, respectively, of the total natural gas consumption volume in China in

2008. As a total, the four regions recorded natural gas consumption of 4.6 billion cubic metres in 2003, 5.7 billion in 2004, 6.7 billion in 2005, 8.5 billion in 2006, 9.5 billion in 2007 and 12.9 billion in 2008, representing a compound annual growth rate ("**CAGR**") of 22.8%. The Board is also of the view that North Shaanxi region, Tarim Basin and Central Asia are abundant of natural gas. As stated in the Appendix I to the Circular, the No. 1 Shaanxi-Beijing Pipeline and No. 2 Shaanxi-Beijing Pipeline are the only pipelines supplying natural gas in the Beijing area and they also account for a major market share of natural gas transmission in Tianjin and Hebei Province.

The Target Group commenced the construction of gas pipeline No. 3 from Shaanxi to Beijing (the "**No. 3 Shaanxi-Beijing Pipeline**") in March 2009, phase I of which commenced operation on 31 December 2010. It is estimated that the investment in No. 3 Shaanxi-Beijing Pipeline amounts to approximately RMB13 billion whose target markets include Beijing, Tianjin, Hebei Province, Shandong Province and Liaoning Province. Upon the commencement of the operation of No. 3 Shaanxi-Beijing Pipeline expansion project, the gas transmission capacity of the Target Group will increase to approximately 35 billion cubic metres.

A joint network with the West-East Natural Gas Transmission Pipeline has been built in the first station in Jingbian of Shaanxi-Beijing Pipelines. Through the Hebei-Nanjing Connection Gas Pipeline, the Shaanxi-Beijing Pipelines form an integral part of the natural gas pipeline network in the PRC.

Financial information

The following is a summary of the consolidated financial information of the Target Company for the three years ended 31 December 2007, 2008 and 2009, and the nine months period ended 30 September 2010:

Table 2: Summary financial information of Target Group

Income statement items	Year ended 31 December			Nine months ended 30 September	
	2007	2008	2009	2009	2010
RMB'000, unless otherwise specified					
Revenue	3,897,392	5,333,600	6,147,541	4,165,022	5,079,875
Other net gain/(loss)	(7,969)	1,389	1,626	2,019	221
Purchasing, service and others	(555,420)	(680,640)	(844,736)	(492,752)	(865,391)
Employee compensation costs	(82,435)	(106,193)	(131,913)	(66,179)	(83,160)
Sales, general and administrative expenses	(74,781)	(127,548)	(144,430)	(106,600)	(129,693)
Taxes other than income tax	(127,583)	(174,323)	(201,151)	(134,698)	(166,577)
Other income/(expense)	(10,428)	1,231	–	–	–
EBITDA	**3,038,776**	**4,247,516**	**4,826,937**	**3,366,812**	**3,835,275**
Depreciation and amortisation	(1,115,669)	(1,176,517)	(1,332,073)	(952,248)	(1,211,135)
Interest income	8,653	8,236	26,687	21,660	4,308
Interest expense	(242,750)	(240,603)	(213,555)	(134,665)	(164,642)
Profit before income tax expense	**1,689,010**	**2,838,632**	**3,307,996**	**2,301,559**	**2,463,806**
Income tax expense	(574,084)	(725,408)	(827,557)	(575,949)	(607,683)
Profit and total comprehensive income for the year/period	**1,114,926**	**2,113,224**	**2,480,439**	**1,725,610**	**1,856,123**
Profit and total comprehensive income for the year/period attributable to the Owners of the Target Company	**1,113,654**	**2,111,719**	**2,479,411**	**1,724,775**	**1,855,891**

Balance sheet items	As at 31 December			As at 30 September
	2007	2008	2009	2010
RMB'000, unless otherwise specified				
Total assets	**13,307,366**	**15,646,051**	**19,525,300**	**22,217,693**
Non-controlling interest	6,568	7,073	7,101	6,133
Total equity attributable to owners of the Target Company	7,606,462	9,571,131	11,310,542	11,618,928
Equity	**7,613,030**	**9,578,204**	**11,317,643**	**11,625,061**
Total liabilities	5,694,336	6,067,847	8,207,657	10,592,632
Total equity and liabilities	**7,613,030**	**9,578,204**	**11,317,643**	**11,625,061**

Source: Appendix III to the Circular

Note: EBITDA is calculated based on profit before income tax expense plus interest expense and depreciation, depletion and amortization, minus interest income

Revenue

The turnover of the Target Group mainly represents revenue from the transportation of natural gas in the PRC. The transportation revenue depends on the transmission volume and transmission price. As stated in Appendix I to the Circular, the prices charged by the Target Company for pipeline transportation are controlled by the National Development and Reform Commission of the People's Republic of China. The following table outlined the natural gas transmitted to each of the target regions

and their average transmission prices for the three years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010:

Table 3: Volume of natural gas delivered by area and prices of pipeline transportation

Volume of gas delivered by area	**For the year ended 31 December**			**For the nine months ended 30 September**
	2007	**2008**	**2009**	**2010**
million cubic metres				
Beijing City	4,269	5,571	6,438	4,972
Tianjin City	853	1,082	1,172	789
Shandong Province	719	1,188	1,489	1,481
Hebei Province	783	1,100	1,454	1,615
Others	2,240	3,263	3,840	3,528
Total	8,864	12,204	14,393	12,385

Prices of pipeline transportation	**For the year ended 31 December**			**For the nine months ended 30 September**
	2007	**2008**	**2009**	**2010**
RMB per cubic metre				
Beijing Municipality	0.45	0.45	0.45	0.45
Tianjin Municipality	0.48	0.48	0.48	0.48
Shandong Province	0.40	0.40	0.40	0.40
Hebei Province	0.42	0.42	0.42	0.42

Source: Appendix I to the Circular

The revenue of the Target Group increased from RMB3,897 million in 2007 to RMB5,334 million in 2008, an increase of 36.9%. It was mainly due to the increase in demand for natural gas and the increase in the gas transmission volume, particularly in Beijing city and Shandong Province with the highest increase in demand.

The revenue of the Target Group increased from RMB5,334 million in 2008 to RMB6,148 million in 2009, an increase of 15.3%. It was mainly due to the increase in demand for natural gas and the increase in gas transmission volume brought by the expansion of the Shaanxi-Beijing Pipeline No. 2 with the extra annual gas transmission capacity of 17 billion cubic meters.

The revenue of the Target Group increased from RMB4,165 million in the first nine months of 2009 to RMB5,080 million in the same period of 2010, an increase of 22.0%. It was mainly due to the increase in demand for natural gas and the increase in gas transmission volume brought by the increased gas transmission capacity of the Shaanxi-Beijing Pipeline No. 2 after expansion.

Cost

The main costs of the Target Group include purchasing, service and other costs, employee compensation costs, depreciation and amortisation and sales, general and administrative expenses.

Purchases, service and other costs

The purchases, service and other costs of the Target Group increased from RMB555 million in 2007 to RMB681 million in 2008, an increase of 22.5%, which was contributed by the substantial increase in the cost of natural gas, power consumption, fuel consumption and gas transmission loss brought about by the increased demand. The Target Group purchases natural gas primarily for the operation of its pipelines.

The purchases, service and other costs of the Target Group increased from RMB681 million in 2008 to RMB845 million in 2009, an increase of 24.1%, which was contributed by the substantial increase in power consumption, fuel consumption and gas transmission loss brought by the increased demand, and the commencement of operation of the newly established booster station of the Shaanxi-Beijing Pipeline No. 2.

The purchases, service and other costs of the Target Group increased from RMB493 million in the first nine months of 2009 to RMB865 million in the same period of 2010, an increase of 75.6%. It was mainly due to the substantial increase in power consumption, fuel consumption, repair expense and gas transmission loss brought by the increased demand, and the commencement of operation of the newly established booster station of the Shaanxi-Beijing Pipeline No. 2.

Employee compensation costs

The employee compensation costs of the Target Group increased from RMB82 million in 2007 to RMB106 million in 2008, an increase of 28.8%. It was mainly due to the increase in the total amount of payroll and the additional expenses of the employees, and the increase in the hiring of corporate management staff and maintenance and emergency repair staff after the commencement of operation of the Shaanxi-Beijing Pipeline No. 2.

The employee compensation costs of the Target Group increased from RMB106 million in 2008 to RMB132 million in 2009, an increase of 24.2%. The increase was due to the increase in the hiring of operational and maintenance staff for the commencement of operation of the Yongtangqin gas transmission pipeline.

The employee compensation costs of the Target Group increased from RMB66 million in the first nine months of 2009 to RMB83 million in the same period of 2010, an increase of 25.7%. It was mainly due to the increase in the hiring of operational and maintenance staff for the commencement of operation of the Shaanxi-Beijing Pipeline No. 2 transmission enhancement project and Northern China gas storage project.

Sales, general and administrative expenses

The sales, general and administrative expenses of the Target Group increased from RMB75 million in 2007 to RMB128 million in 2008, an increase of 70.6%. It was mainly due to the increase in the agency fee paid to the natural gas sales and marketing companies of PetroChina. The agency fee has been adjusted from RMB 0.0053 per cubic metre to RMB 0.01 per cubic metre.

The sales, general and administrative expenses of the Target Group increased from RMB128 million in 2008 to RMB144 million in 2009, an increase of 13.2%, which was basically in line with the growth in revenue. It was mainly due to the increase in the volume of gas transmission and agency fee brought by the increased demand and the commencement of operation of the Shaanxi-Beijing Pipeline No. 2 transmission enhancement project in 2009.

The sales, general and administrative expenses of the Target Group increased from RMB107 million in the first nine months of 2009 to RMB130 million in the same period of 2010, an increase of 21.7%, which was basically in line with the growth in revenue. It was contributed by the increase in the volume of gas transmission brought by the increased demand and the commencement of operation of the Shaanxi-Beijing Pipeline No. 2 transmission enhancement project in 2009. In addition, the Company has made provision for production safety during the period.

Taxes other than Income Tax

Taxes other than income tax of the Target Group increased from RMB128 million in 2007 to RMB174 million in 2008, an increase of 36.6%, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

Taxes other than income tax of the Target Group increased from RMB174 million in 2008 to RMB201 million in 2009, an increase of 15.4%, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

Taxes other than income tax of the Target Group increased from RMB135 million in the first nine months of 2009 to RMB167 million in the same period of 2010, an increase of 23.7%, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

EBITDA

EBITDA of the Target Group increased from RMB3,039 million in 2007 to RMB4,248 million in 2008, an increase of 39.8%. This was mainly due to the income growth driven by the growth in demand and the increase of other net gain and other income.

EBITDA of the Target Group increased from RMB4,248 million in 2008 to RMB4,827 million in 2009, an increase of 13.6%. This was mainly due to the growth in demand and the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2.

EBITDA of the Target Group increased from RMB3,367 million in the first nine months of 2009 to RMB3,835 million in the same period of 2010, an increase of 13.9%. This was mainly due to the growth in demand and the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2.

Depreciation and amortisation

The depreciation and amortisation of the Target Group increased from RMB1,116 million in 2007 to RMB1,177 million in 2008, an increase of 5.5%, which was mainly due to the increase in capital expenditure.

The depreciation and amortisation of the Target Group increased from RMB1,177 million in 2008 to RMB1,332 million in 2009, an increase of 13.2%, which was mainly due to the increase in the capital expenditure.

The depreciation and amortisation of the Target Group increased from RMB952 million in the first nine months of 2009 to RMB1,211 million in the same period of 2010, an increase of 27.2%. It was mainly due to the increase in the capital expenditure.

Income tax expenses

The income tax expense of the Group increased from RMB574 million in 2007 to RMB725 million in 2008, representing 34.0% and 25.6% of profit before income tax expenses. This was mainly due to decrease of applicable corporate income tax from 33% in 2007 to 25% in 2008.

The income tax expense of the Group increased from RMB725 million in 2008 to RMB828 million in 2009, an increase of 14.1%, which was basically in line with increase in profit before income tax expenses.

The income tax expense of the Group increased from RMB576 million in the first nine months of 2009 to RMB608 million in the same period of 2010, an increase of 5.5%, which was basically in line with increase in profit before income tax expenses.

Profit for the year/period

Profit for the year of the Target Group increased from RMB1,115 million in 2007 to RMB2,113 million in 2008, an increase of 89.5%. This was mainly due to the income growth driven by the growth in demand, the increase of other net gain and other income, and the decrease in income tax expense resulted from the lowering of applicable corporate income tax rate.

Profit for the year of the Target Group increased from RMB2,113 million in 2008 to RMB2,480 million in 2009, an increase of 17.4%. This was mainly due to the growth in demand, the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2, increase in interest income, increase in other net gain and decrease in interest expense.

Profit for the period of the Target Group increased from RMB1,726 million in the first nine months of 2009 to RMB1,856 million in the same period of 2010, an increase of 7.6%. This was mainly due to the growth in demand and the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2.

Profit attributable to the Owners of the Target Company

Profit attributable to the Owners of the Target Company increased from RMB1,114 million in 2007 to RMB2,112 million in 2008, an increase of 89.6%. This was mainly due to the income growth driven by the growth in demand, the increase of other net gain and other income, and the decrease in income tax expense resulted from the lowering of applicable corporate income tax rate.

Profit attributable to the Owners of the Target Company increased from RMB2,112 million in 2008 to RMB2,479 million in 2009, an increase of 17.4%. This was mainly due to the growth in demand, the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2, increase in interest income, increase in other net gain and decrease in interest expense.

Profit attributable to the Owners of the Target Company increased from RMB1,725 million in the first nine months of 2009 to RMB1,856 million in the same period of 2010, an increase of 7.6%. This was mainly due to the growth in demand and the income growth driven by the increase in transmission by Shaanxi-Beijing Pipeline No. 2.

Equity

Target Group's equity was RMB11,625 million as of 30 June 2010, which shows a continuous improvement from its equity of RMB7,613 million as of 31 December 2007. According to the Management, it was mainly due to accumulated profit generated from the business.

D. PetroChina

PetroChina is the largest oil and gas producer and seller occupying a leading position in the oil and gas industry in the PRC. It is one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world.

PetroChina and its subsidiaries are mainly engaged in petroleum and natural gas-related activities, including (i) the exploration, development, production and sale of crude oil and natural gas; (ii) the refining, transportation, storage and marketing of crude oil and petroleum products; (iii) the production and sale of basic petrochemical products, derivative chemical products and other petrochemical products; and (iv) the transmission of natural gas, crude oil and refined products, and the sale of natural gas.

As at 30 June 2010, PetroChina, a subsidiary of CNPC, owned 50.75% equity interest in the Kunlun Energy.

E. CNPC

CNPC is the controlling shareholder of the Company. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company （中國石油天然氣集團公司）. CNPC is also a state-authorised investment corporation and state-owned enterprise. CNPC is an integrated energy corporation with businesses covering oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, engineering and technical services and petroleum equipment manufacturing.

2. Reasons for the Acquisition

Reasons for and benefits of the Acquisition to the Group are set out in the "Letter from the Board" in the Circular. As stated in the "Letter from the Board", the Group is committed to focusing on the development of businesses in natural gas end-users sales and comprehensive utilisation of natural gas, in addition to its principal activities of the exploration and production of crude oil and natural gas in the PRC and globally. The Board believes the Acquisition is in line with the development strategies of the Group, and it will bring long-term, strategic benefits to the Group, including but not limited to the following:

A. Highly strategic natural gas business with strong financial performance and growth potential

The Board considers the Target Group a highly strategic PRC natural gas business. The transmission system of the Target Group links the gas-rich North Shaanxi region, Tarim Basin and Central Asia with the Beijing and Huabei region, which are amongst the PRC's largest natural gas markets and have seen strong increase in the demand for natural gas. As reported in the "Equity Valuation Report" of the Target prepared by Beijing China Enterprise Appraisals Co., the proved reserve of Tarim Basin could supply natural gas of 26.3 billion cubic metres annually and estimated annual production will reach 32 billion cubic metres in year 2015, and 40 billion cubic metres

between year 2020 and year 2030. In addition, as reported in the "BP Statistical Review of World Energy in 2010", the proved gas reserve of the three countries of Central Asia, Kazakhstan, Turkmenistan, and Uzbekistan accounts for 6.2% of world total reserve at the end of year 2009 with a total amount of 11.6 trillion cubic metres.

We note that the revenue of the Target Group increased from approximately RMB3.9 billion in 2007 to RMB6.1 billion in 2009, achieving a compound annual growth rate of approximately 25.6%. The net profit of the Target Group increased from approximately RMB1.1 billion in 2007 to RMB2.5 billion in 2009, achieving a compound annual growth rate of approximately 49.2%. The revenue of the Target Group increased from approximately RMB4.2 billion for the nine months ended 30 September 2009 to RMB5.1 billion for the nine months ended 30 September 2010, achieving a growth rate of approximately 22.0%. The net profit of the Target Group increased from approximately RMB1.7 billion for the nine months ended 30 September 2009 to RMB1.9 billion for the nine months ended 30 September 2010, achieving a growth rate of approximately 7.6%.

As mentioned above, the Target Group commenced the construction of the No. 3 Shaanxi-Beijing Pipeline in March 2009. Phase I of the No. 3 Shaanxi-Beijing Pipeline, which has a planned annual gas transmission capacity of 7 billion cubic metres, commenced operation in operation in December 2010. The Yulin and Yangqu compressor stations in the No. 3 Shaanxi-Beijing Pipeline expansion project will commence at the end of 2011 and by then will increase the annual gas transmission capacity of the No. 3 Shaanxi-Beijing Pipeline to 12 billion cubic metres. The Linxian and Shijiazhuang compressor stations in the No. 3 Shaanxi-Beijing Pipeline expansion project are expected to commence operation in 2014 and by then will increase the annual gas transmission capacity of the No. 3 Shaanxi-Beijing Pipeline to 15 billion cubic metres. Upon completion of No. 3 Shaanxi-Beijing Pipeline in stages, the aggregate annual gas transmission capacity of the Target Group will increase by 75% to approximately 35 billion cubic metres. We concur with the Board's view that there is significant growth potential for the Target Group.

We have discussed with the Management the schedule of the completion of compressor stations. The Management represented that compressor stations are to increase the gas transmission capacity. We concur with the Management's view that there is low project risk for the delay in the completion of compressor stations as the projects of the Target Group are treated as national key projects which require prior approval from NDRC after full assessment.

B. Strengthening of natural gas business of the Group

Through the Acquisition, the Board believes the natural gas business will be strengthened and will further enhance the Group's position in the PRC natural gas market as a whole.

The Board also considers that the Acquisition will allow the Group to absorb a professional team of management in natural gas distribution business, which will facilitate the Group's potential expansion in the industry. We note that the Target

Group's management has experience in natural gas pipelines transmission business and some of them have held positions at PetroChina and/or CNPC Group from which the Group has made acquisitions. Their experience and connection should therefore facilitate the Group's expansion in the natural gas industry. Further details of the management experience are set out in Appendix I to the Circular.

We note that the Acquisition is a further step by the Group to further strengthen the development of its natural gas business. As stated on the "Letter from the Board", the Board is of the view that the Acquisition is coherent with the development plan in natural gas business of the Company, and by acquiring Target Group which engages in natural gas pipelines transmission business can facilitate the downstream sale of natural gas. We are of the view that the gas transmission business of the Target Group complements with the existing natural gas distribution business of the Group as the Group can develop the sales market along the pipelines of the Target Group.

3. Consideration

The Consideration payable by the Company to PetroChina pursuant to the Acquisition Agreement will be approximately RMB18,870.9 million (equivalent to approximately HK$21,973.3 million), which will be satisfied upon the Completion, by way of the allotment and issue of the Consideration Shares to PetroChina (or to PetroChina's nominees(s)) at the Issue Price for each Consideration Share. The Issue Price was determined after arm's length negotiation between the Company and PetroChina, with reference to the average closing price of the Shares for the last 20 trading days up to but not including the First Open Tender Day, being HK$10.02.

The Consideration payable in respect of the Acquisition Agreement was determined based on the base price of the Relevant Equity Interest put on open tender set by PetroChina. The base price was set at RMB18,870,933,600 (equivalent to approximately HK$21,973.3 million) and the Company understands that such base price was based on the business valuation of the Relevant Equity Interest as at the Valuation Date, being 30 September 2010, which amounted to approximately RMB18,870.9 million (equivalent to approximately HK$21,973.3 million) as set out in the Valuation Report prepared by the Valuer. More details on the valuation are contained in the Valuation Report set out in Appendix V to this Circular.

A. Comparable Companies

In our assessment of the valuation of the Acquisition, we have considered the following commonly used valuation multiples:

- Price-to-earnings ratio ("**P/E**"); and
- Enterprise value to EBITDA ("**EV/EBITDA**");

We have selected a list of comparable companies (the "**Comparable Companies**") to the Target Company for our comparison analysis based on the selection criteria that these companies: (a) were primarily engaged in transmission of the natural gas through

pipelines ("**Global Comparables**") and / or distribution of city gas, vehicle fuel gas and natural gas in the PRC ("**Chinese Comparables**"), based on the latest published annual report prior to the Latest Practicable Date; and (b) had a market capitalisation of not less than approximately US$400 million, which we consider as a sensible benchmark as it gives reasonably sufficient samples for comparison purpose. Global Comparables have similar business scope as the Target Group, i.e. engaging in transmission of the natural gas through pipelines in their own regions. We therefore consider them as comparable companies. Chinese Comparables focus on distribution of city gas, vehicle fuel gas and natural gas in the PRC nationwide. Considering that PRC, as a country, adopts a consistent and similar natural gas policy across the country and these comparable companies operate along the coastal area of PRC, which are mostly composed of first and second tier cities, these comparable companies are considered to be operating under a similar business environment.

While comparable companies analysis can reflect current market sentiment towards the sector and provide guidance on valuation, we note that the analysis does not take into account differences in accounting policies and standards, different interim financial reporting periods as well as differences in business models and/or tax treatments, nor does it take into account possible unique characteristic(s) of different companies. No adjustments have been made to account for these differences. We note, however, financial information of the majority of the Comparable Companies is prepared on the basis of International Financial Reporting Standards which are comparable to the Hong Kong Financial Reporting Standards ("HKFRS") in all material respects. Financial information of the Target Group is prepared on the basis of HKFRS.

We have conducted our analysis and identified 11 companies based on the abovementioned selection criteria that we consider to be the closest comparables (after taking into consideration the factors as set out in our selection criteria) to the Target Group's business. We set out in the table below these Comparable Companies and their relevant valuation multiples based on their respective market trading prices. The valuation multiples of the Comparable Companies are based on their respective share prices as at the Last Trading Day, their respective latest publicly disclosed financial

positions of balance sheet items, and the financial information for the 12-months period ended 31 December 2009 for all Comparable Companies.

Table 4: Comparable Companies

	Place of Listing	Market Capitalisation[1] *(US$million)*	Enterprise Value *(US$million)*	P/E[2]	EV/ EBITDA[3]
Global Comparables					
APA Group[4]	Australia	2,286	5,269	18.0	12.5
Envestra Limited[4]	Australia	768	2,749	16.2	10.0
Crosstex Energy, Inc.	United States	415	1,845	nm[7][12]	12.4
Atlas Pipeline Holdings LP	United States	416	1,972	nm[11][12]	17.6
Enbridge Inc.	Canada	21,559	36,851	13.8	18.2
Average				16.0	14.1
Median				16.2	12.5
Chinese Comparables					
Beijing Enterprises Holdings Limited	Hong Kong	7,053	8,730	23.9[10]	16.5[10]
ENN Energy Holdings Limited	Hong Kong	3,148	3,922	26.9	13.9
China Resources Gas Group Limited	Hong Kong	2,605	3,087	48.0[8]	32.6[8]
Towngas China Company Limited	Hong Kong	1,175	1,511	34.4[9]	27.9[9]
China Oil and Gas Group Limited	Hong Kong	567	515	33.4	10.8
Shaan Xi Provincial Natural Gas Company Limited	China	1,610	1,665	29.9	19.3
Average				32.8	20.2
Median				31.6	17.9
Target					
PetroChina Beijing Gas Pipeline Co., Ltd	China	4,760[5]	5,842	12.7[6]	8.0[6]

Source: Bloomberg, company websites

Note:

(1) Market capitalisation of the Comparable Companies are based on the closing share prices on the Last Trading Day, being 31 December 2010

(2) P/E multiples are calculated based on the market capitalisation (using the respective share prices as at the Last Trading Day in the case of the Comparable Companies), divided by the respective profit attributable to shareholders for the 12-month period ended 31 December 2009

(3) EV/EBITDA multiples are calculated based on the market capitalisation (using the respective share prices as at the Last Trading Day in the case of the Comparable Companies) plus net debt (or less net cash) plus minority interests, divided by the respective EBITDA for the 12-month period ended 31 December 2009

(4) The multiples are based on financial results for 12-months ended 31 December 2009 extracted from the semi-annual reports for the six months ended 30 June 2009 and 31 December 2009

(5) The implied equity value of the Target Group based on the Consideration

(6) Based on the consolidated profit attributable to shareholders and EBITDA of the Target Group for the year ended 31 December 2009

(7) Excluded gain from sales of discontinued operations of US$158,000,000, which was due to the sale of non-strategic assets to repay long-term indebtedness

(8) Excluded the profit from discontinued operations during the year ended 31 December 2009, which represents gain on disposal of certain property, plant and equipment and prepaid lease payments of HK$11,521,000 and gain on disposal of available-for-sale investments of HK$10,453,000 in respect of the semiconductor operation

(9) On 2 April 2009, the company entered into a sale agreement to dispose of its liquefied petroleum gas operations. The disposal was effected in order to focus resources for the expansion of the group's other business. A loss from the disposal for the year attributable to the shareholders of the company of HK$515,000 was excluded

(10) Excluded the gain on deemed disposal of interest in a subsidiary, which arose from the dilution of the group's equity interest in Beijing Enterprises Water Group Limited ("BE Water") from 64.32% to 57.35% upon the issuance of new ordinary shares by BE Water during 2009

(11) Excluded the gain on sale of discontinued operations of US$51,078,000 and earnings of discontinued operations of US$11,417,000, where the discontinued operations represent the company's NOARK gas gathering and interstate pipeline system

(12) "nm" denotes not meaningful

(13) US$/AUD:0.9772; US$/CAD:0.9980; US$/RMB:6.6078; US$/HK$:7.7731

i. P/E Approach

The Consideration is approximately 12.7 times the consolidated net profit attributable to the Owners of the Target Company for the year ended 31 December 2009, which was RMB2,479 million, as shown in the Table 2: Summary financial information of Target Group.

The average P/E multiples of the Comparable Companies are 16.0 and 32.8 times for Global Comparables and Chinese Comparables respectively, for the year ended 31 December 2009. Therefore, the P/E multiple of the Target Group implied by the Consideration is lower than the average P/E multiple of the Comparable Companies.

ii. EV/EBITDA Approach

The implied enterprise value of the Target Group is approximately 8.0 times the consolidated EBITDA of the Target Group for the year ended 31 December 2009, which was RMB4,827 million, as shown in the Table 2: Summary financial information of Target Group.

The average EV/EBITDA multiples of the Comparable Companies are 14.1 and 20.2 times for Global Comparables and Chinese Comparables respectively, for the year ended 31 December 2009. Therefore, the EV/EBITDA multiple of the Target Group implied by the Consideration is lower than the average EV/EBITDA multiples of the Comparable Companies.

B. Comparable Transactions

Regarding the comparable transactions, we have considered the following commonly used valuation multiples in our assessment of the valuation of the Acquisition:

- Price-to-earnings ratio ("**P/E**"); and
- Enterprise value to EBITDA ("**EV/EBITDA**");

We have selected a list of comparable transactions (the "**Comparable Transactions**") to the Acquisition for our comparison analysis based on the selection criteria that these transaction targets: (a) were primarily engaged in transmission of the natural gas through pipelines, based on the historical published annual report; (b) had deal size more than US$500 million but less than US$22 billion; and (c) had acquired stake larger than 30%, which we consider as a sensible benchmark as it is reasonably close to deal size and majority stake transfer of the Target Company and it gives reasonably sufficient samples for comparison purpose.

While comparable transactions analysis can reflect historical market sentiment towards the sector and provide guidance on valuation, we note that the analysis does not take into account differences in accounting policies and standards, different interim financial reporting periods as well as differences in business models and/or tax treatments, nor does it take into account possible unique characteristic(s) of different companies. No adjustments have been made to account for these differences.

We have conducted our analysis and identified four comparable transactions based on the abovementioned selection criteria that we consider to be the closest comparables (after taking into consideration the factors as set out in our selection criteria) to the Target Company business. We note that all the Comparable Transactions' target regions were United States of America, which are different from the Target Group's business environment. The comparison is for illustration of valuation multiples of transactions of companies with businesses similar to that of the Target Group's, i.e. engaged in

transmission of the natural gas through pipelines. We set out in the table below these Comparable Transactions and their relevant valuation multiples based on their respective transaction values.

Table 5: Comparable Transactions

Date	Target	Target region	Acquiror	Acquired stake	Deal value	Implied equity value	Enterprise value	P/E[(1)]	EV/ EBITDA[(2)]
				(%)	*(US$million)*	*(US$million)*	*(US$million)*		
29 April 2009	Teppco Partners LP	United States	Enterprise Products Partners LP	100.0	6,350.3	3,820.8	6,350.3	1 9.7	16.6
19 June 2007	Regency Energy Partners LP	United States	General Electric Co	37.0	6 03.0	1,629.7	2,285.3	nm[(4)]	3 2.8[(4)]
23 June 2006	Western Gas Resources Inc	United States	Anadarko Petroleum Corp	100.0	5,239.9	4,639.9	5,239.9	22.4	15.9
29 May 2006	Kinder Morgan Inc	United States	GS Capital Partners LP & others	100.0	21,558.2	14,558.2	21,558.2	22.7	12.9
Average								21.6	19.6
Median								22.4	16.3
	Target								
	PetroChina Beijing Gas Pipeline Co., Ltd				2,842.3	4,737	5,814	12.7[(3)]	8.0[(3)]

Source: Dealogic, companies

Notes:

(1) P/E multiples are calculated based on the implied market value, divided by the respective profit attributable to shareholders for the previous 12-month period prior to the transactions

(2) EV/EBITDA multiples are calculated based on the implied equity value plus net debt (or less net cash) plus minority interests, divided by the respective EBITDA for the previous 12-month period prior to the transactions

(3) Based on the consolidated profit attributable to shareholders and EBITDA of the Target Group for the year ended 31 December 2009

(4) "nm" denotes not meaningful

i. P/E Approach

The Consideration is approximately 12.7 times the consolidated profit attributable to the Owners of the Target Company for the year ended 31 December 2009, which was RMB2,479 million, as shown in the Table 2: Summary financial information of Target Group.

The average P/E multiple of the Comparable Transactions is 21.6 times. Therefore, the P/E multiple of the Target Group implied by the Consideration is lower than the average P/E multiple of the Comparable Transactions.

ii. EV/EBITDA Approach

The implied enterprise value is approximately 8.0 times the consolidated EBITDA of the Target Group for the year ended 31 December 2009, which was RMB4,827 million, as shown in the Table 2: Summary financial information of Target Group.

The average EV/EBITDA multiple of the Comparable Transactions is 19.6 times. Therefore, the EV/EBITDA multiple of the Target Group implied by the Consideration is lower than the average EV/EBITDA multiple of the Comparable Transactions.

We wish to point out that the above comparison with the Comparable Transactions is for illustrative purpose only as each of the Comparable Transactions may not be entirely comparable to the Acquisition.

4. Financing of the Consideration

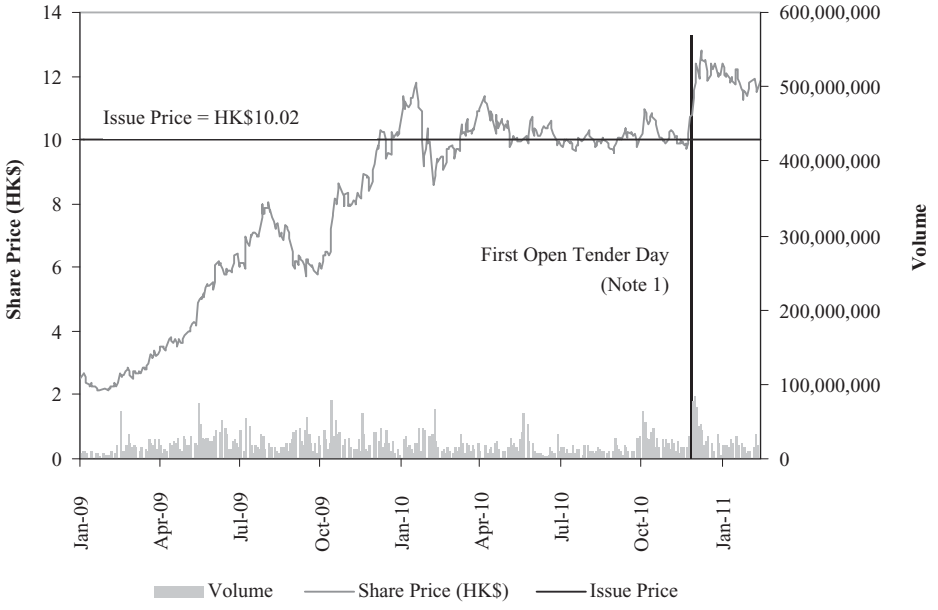
The Consideration payable by the Company to PetroChina pursuant to the Acquisition Agreement will be satisfied upon the Completion, by way of the allotment and issue of the Consideration Shares to PetroChina (or to PetroChina's appointed nominees(s)) at the Issue Price for each Consideration Share.

A. Issue price of the Consideration Shares

The issue price of the Consideration Shares of HK$10.02 (the "Issue Price") was determined after arm's length negotiation between the Company and PetroChina, with reference to the average closing price of the Shares for the last 20 trading days up to but not including the First Open Tender Day, being 26 November 2010. To assess the reasonableness of the Issue Price, we have reviewed the share performance of the Company since 1 January 2009, being the beginning of full financial year when the Company began to develop natural gas businesses in end-user markets, to 31 December 2010, being the Last Trading Day (the "**Pre-announcement Period**"), and from 3

January 2011 to the Latest Practicable Date (the "**Post-announcement Period**") (together, the "**Review Period**"). A chart of the historical closing price and trading volume of the Shares during the Review Period is set out below:

Chart 2: Historical Closing Price and Trading Volume of the Shares during the Review Period



Source: Bloomberg

Note:

(1) PetroChina announced the sale of the Relevant Equity Interest after the close of market on 25 November 2010. Details of the open tender were made on the China Beijing Equity Exchange on 26 November 2010.

We note that the Issue Price:

- is at par with the average closing price of HK$10.02 for the last 20 trading days up to but not including the First Open Tender Day;
- represents a discount of approximately 0.7% to the average closing price of HK$10.09 per Share for the last 30 trading days up to and including the First Open Tender Day;
- represents a discount of approximately 1.6% to the average closing price of HK$10.18 per Share for the last 60 trading days up to and including the First Open Tender Day;
- represents a discount of approximately 6.4% to the closing price of HK$10.70 per Share as quoted on the Stock Exchange on the First Open Tender Day;

- represents a discount of approximately 16.9% to the closing price of HK$12.06 per Share as quoted on the Stock Exchange on the Last Trading Day;

- represents a discount of approximately 15.7% to the closing price of HK$11.88 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

- represents a discount of approximately 21.8% to the highest closing share price of approximately HK$12.82 per share as quoted on the Stock Exchange for the Pre-announcement Period;

- represents a premium of approximately 370.4% to the lowest closing share price of approximately HK$2.13 per share as quoted on the Stock Exchange for the Pre-announcement Period; and

- represents a premium of approximately 212.2% to the unaudited pro forma net assets per Share attributable to owners of the Company of approximately HK$3.21 per share (Note).

Note: Based on the unaudited pro forma net assets of the Enlarged Group attributable to owners of the Company shown in Appendix IV and 7,148,408,303 Shares in issue upon Completion

Based on the chart set out above, we note that the daily closing prices of the Company increased from HK$2.13 per Share at 23 January 2009 to HK$11.80 per Share at 19 January 2010. From 19 January 2010 to 25 November 2010, the day prior to the First Open Tender Day, they were in the range of HK$8.58 and HK$11.80 per Share, with an average of HK$10.13 per Share. After the announcement, the daily closing prices of the Company were in the range of HK$10.70 and HK$12.82 per Share.

The Issue Price is at par with the average closing price of HK$10.02 for the last 20 trading days up to but not including the First Open Tender Day and at a discount of approximately 16.9% to the closing price of HK$12.06 per Share as quoted on the Stock Exchange on the Last Trading Day. As the open tender was made on the China Beijing Equity Exchange on 26 November 2010, and given that the Company has made a number of notifiable acquisitions through open tender offer since 2009, the share prices thereafter would have reflected the market sentiment towards the Acquisition. We therefore considered that comparing the Issue Price with the share prices on or prior to the First Open Tender Day would better minimize the impact of the Acquisition than comparing the Issue Price with the prices on or prior to the Last Trading Day.

The Issue Price of HK$10.02 is approximately 23.3 and 37.4 times the Enlarged Group's basic earnings per share for the year ended 31 December 2009 of approximately HK42.95 cents and the Group's basic earnings per share for the year ended 31 December 2009 of approximately HK26.79 cents respectively, as shown in the Table 6: Summary of Unaudited Pro Forma Financial Information of the Enlarged Group.

The Consideration of the Target Company is approximately 12.7 times the consolidated net profit attributable to the Owners of the Target Company for the year ended 31 December 2009, which was RMB2,479 million, as shown in the Table 2: Summary financial information of Target Group. Therefore, the P/E multiples implied by the Issue Price is higher than that of the Target Group implied by the Consideration.

We further note PetroChina undertakes, without prior written approval from the Company, not to directly or indirectly dispose of or enter into any agreement to dispose of the Consideration Shares from the date of the Completion to the second anniversary date of the Completion (both days inclusive). The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. The Consideration Shares are, however, not entitled to the dividends payable for the financial year ended 31 December 2010.

The Directors (including the Directors who form part of the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) considers that the Consideration is fair and reasonable and the Acquisition is on normal commercial terms and is in the interest of the Company and the Shareholders as a whole. For further details of the opinion of the Independent Board Committee, please refer to the "Letter from the Independent Board Committee" as set out in the Circular.

B. Dilution effect arising from the issue of the Consideration Shares

The Consideration Shares represent approximately 44.3% of the existing share capital of the Company and approximately 30.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Immediately after the issue of the Consideration Shares and assuming that there will be no other changes in the shareholding of the Company up to and including the Completion Date (other than the issue of the Consideration Shares), the shareholding of the existing Independent Shareholders in the Company will be diluted from approximately 43.2% to approximately 30.0%.

The decrease of approximately 13.2 percentage points in shareholding of the Company held by the existing Independent Shareholders is material in magnitude.

However, we consider that the benefits of the Acquisition as set out in "Reasons for and Benefits of the Acquisition to the Group" section of the Circular should also be considered as a whole, which the Directors believe includes (i) highly strategic natural gas business with strong financial performance and growth potential; and (ii) strengthening natural gas business of the Group. Upon the Completion, the Independent Shareholders will hold shares in the Company which has a wider scope of natural gas businesses, larger balance sheet and more profit streams. We also note that on a pro forma basis the Group would have an enhancement of both the net tangible assets

attributable to owners of the Company per share and basic earnings per share after the Acquisition, as shown in the Table 6 – Summary of Unaudited Pro Forma Financial Information of the Enlarged Group.

We note that the issue of the Consideration Shares will not result in change of control of the Company (i.e. there is no change in any controlling shareholder who is entitled to exercise or control the exercise of 30% of more of the voting power at the general meetings of the Company). Upon Completion, PetroChina will own approximately 65.87 % of the issued share capital of the Company. CNPC, the ultimate shareholder of PetroChina and the Company, will be deemed to be interested in approximately 70.04% of the issued share capital of the Company. Although the aggregate shareholding of the Independent Shareholders decreases from approximately 43.2% to approximately 30.0% upon Completion, certain transactions (including the connected transactions and continuing connected transactions) of the Company will still be subject to Independent Shareholders' vote only under the Listing Rules.

5. Financial Impact of the Acquisition on the Group

Set out below is the summary of the unaudited pro forma financial information of the Enlarged Group. The unaudited pro forma financial information of the Enlarged Group have been prepared for the purpose of illustrating the financial effect of the Acquisition as if it had taken place on 30 June 2010 for the unaudited pro forma consolidated statement of financial position and the unaudited pro forma statement of the adjusted net tangible assets and on 1 January 2009 for the unaudited pro forma consolidated statement of comprehensive income. For further details, please refer to Appendix IV of the Circular – Unaudited pro forma financial information of the Enlarged Group.

Table 6: Summary of Unaudited Pro Forma Financial Information of the Enlarged Group

Summary of Consolidated Statement of Financial Position and Adjusted Net Tangible Assets as at 30 June 2010 *HK$'000, unless otherwise specified*	**The Group**	**Unaudited Pro Forma Financial Information of the Enlarged Group**
Property, plant and equipment	6,262,373	30,117,294
Inventories	46,325	314,674
Accounts receivable	486,208	536,838
Cash and cash equivalents	8,590,404	8,653,785
Other assets	7,645,989	8,624,567
Total assets	**23,031,299**	**48,247,158**
Short-term borrowings	942,042	1,513,449
Long-term borrowings	1,792,942	9,393,890
Total debt	2,734,984	10,907,339
Accounts payable and accrued liabilities	1,553,924	5,383,010
Other liabilities	1,180,619	1,221,232
Total liabilities	**5,469,527**	**17,511,581**
Non-controlling interest	2,512,130	7,793,829
Total equity attributable to owners of the Company	15,049,642	22,941,748
Equity	**17,561,772**	**30,735,577**
Net tangible assets attributable to owners of the Company	**14,645,293**	**22,532,008**
Number of shares in issue	**4,954,023,512**	**7,148,408,303**
Net tangible assets attributable to owners of the Company per share (HK$)	**2.9562**	**3.1520**
Working capital[(1)]	*(1,021,391)*	*(4,531,498)*
Net (cash) / debt[(2)]	*(5,855,420)*	*2,253,554*
Gearing ratio (Net debt / equity)[(3)]	*(0.33)x*	*0.07x*

Summary of Consolidated Statement of Comprehensive Income For the year ended 31 December 2009 *HK$'000, unless otherwise specified*	The Group	Unaudited Pro Forma Financial Information of the Enlarged Group
Revenue	5,280,185	12,257,306
EBITDA[(4)]	2,507,218	7,965,526
Net profit	1,463,462	4,258,623
Net profit attributable to owners of the Company	1,203,948	2,872,345
Weighted average number of ordinary shares for the purpose of calculating the basic earnings per share	**4,493,934,879**	**6,688,319,670**
Basic earnings per share (HK cents)	**26.79**	**42.95**

Source: The above figures are extracted or calculated from Appendix IV of the Circular – Unaudited pro forma financial information of the Enlarged Group

Note:

(1) Working capital is calculated based on the inventories plus accounts receivable, minus the accounts payable and accrued liabilities

(2) Net debt is calculated based on the total debt, minus cash and cash equivalents

(3) Gearing ratio is calculated based on the net debt, divided by the equity

(4) EBITDA is calculated based on profit before income tax expense plus interest expense and depreciation, depletion and amortization, minus interest income

Upon the Completion, the Company will be directly interested in 60% equity interest in PetroChina Beijing Pipeline Co., Ltd and PetroChina Beijing Pipeline Co., Ltd will become a subsidiary of the Company. The assets, liabilities and financial results of PetroChina Beijing Pipeline Co., Ltd will be consolidated into the consolidated financial statement of the Company.

A. Earnings

The EBITDA of the Group for the year ended 31 December 2009 of approximately HK$2,507 million would increase to the unaudited pro forma EBITDA of the Enlarged Group for the year ended 31 December 2009 of approximately HK$7,966 million.

The Enlarged Group's unaudited pro forma net profit attributable to the owners of the Company for the year ended 31 December 2009 of approximately HK$2,872 million would be higher than the Group's profit attributable to the owners of the Company of approximately HK$1,204 million, mainly due to the contribution from the Target Group.

The Enlarged Group's unaudited pro forma basic earnings per share for the year ended 31 December 2009 of approximately HK42.95 cents would be higher than the Group's basic earnings per share of approximately HK26.79 cents, representing an accretion of basic earnings per share of 60.3%, mainly due to the increase in net profit attributable to owners of the Company.

B. Net asset value

The total assets of the Group as at 30 June 2010 were approximately HK$23,031 million and the unaudited pro forma total assets of the Enlarged Group would amount to approximately HK$48,247 million.

The total liabilities of the Group as at 30 June 2010 were approximately HK$5,470 million and the unaudited pro forma total liabilities of the Enlarged Group would amount to approximately HK$17,512 million. The increase in total liabilities of HK$12,042 million is lower than the increase of total assets of HK$25,216 million. The increase in total liabilities of the Group is due to the increase in debt and accounts payable and accrued liabilities. For further details, please refer to Section C – gearing and working capital.

The net tangible assets of the Group attributable to the owners of the Company as at 30 June 2010 were approximately HK$14,645 million. The unaudited pro forma adjusted net tangible assets of the Enlarged Group attributable to owners of the Company would increase to approximately HK$22,532 million.

The net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2010 was approximately HK$3.0 and the pro forma adjusted net tangible assets of the Enlarged Group per share attributable to owners of the Company was approximately HK$3.2, representing the enhancement of the net tangible assets per share.

C. Gearing and working capital

Calculated based on the financial information extracted from the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, the working capital of the Group as at 30 June 2010 were approximately negative HK$1,021 million and the pro forma working capital of the Enlarged Group would amount to approximately negative HK$4,531 million. The decrease in working capital is mainly contributed by the increase in net current liabilities and trade and other payables of the Target Group for the construction fee and equipment cost of the pipelines.

The net cash of the Group as at 30 June 2010 were approximately HK$5,855 million and the pro forma net debt of the Enlarged Group would amount to approximately HK$2,254 million. The pro forma gearing ratio of the Enlarged Group was at low level of 0.07x due to the issue of Consideration Shares. The pro form gearing ratio of the Enlarged Group would still be at a low level of 0.20x, even taking into account the capital commitments of RMB3,340 million as at 30 September 2010. As stated in the Appendix I to the Circular, majority of the capital commitment as at 30 September 2010 was for the remaining Phase I and Phase II of the No. 3 Shaanxi-Beijing Pipeline. Phase I commenced operation in December 2010 and the majority of the capital commitments is for Phase II for the coming three years. As stated in the "Letter from the Board", the Enlarged Group will have sufficient working capital for its present requirements for the next twelve months from the date of the Circular.

We note that had the acquisition completed on 1 January 2009, the Enlarged Group would have higher revenue, EBITDA, net profit attributable to the owners of the Company and earnings per share for the year ended 31 December 2009 than the Group due to the contribution of the Target Group. We further note that the working capital of the Enlarged Group would decrease and the gearing ratio of the Enlarged Group would increase. However, the pro forma net tangible assets of the Group per share would be enhanced after the Completion.

6. Continuing Connected Transactions Arising from the Acquisition

The Group entered into the Master Agreement in 2003, which was subsequently amended by the First Supplemental Agreement in 2006, by the Second Supplemental Agreement in 2009 and by the Third Supplemental Agreement in 2010.

Pursuant to the Master Agreement (as amended), the range of products and services to be procured from the CNPC Group to the Group and vice versa include oil and gas products, general products and services and rental services. The Master Agreement, as extended by the Second Supplemental Agreement, will expire on 31 December 2011.

Both CNPC and PetroChina are the controlling shareholders of the Company. Thus both CNPC and PetroChina are connected persons of the Company under Chapter 14A of the Listing Rules. As soon as PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company, the continuing transactions between PetroChina Beijing Gas Pipeline Co., Ltd and CNPC or PetroChina and their respective associates will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(a) Provision of products and services by CNPC Group to the Group

CNPC Group has been providing the following products and services to PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary:

(i) agency service. CNPC Group acts as the agent for debt collection from customers on behalf of PetroChina Beijing Gas Pipeline Co., Ltd;

(ii) construction, repair and maintenance of pipelines services;

(iii) financial services, including but not limited to loans and deposit services and the associated interest incomes and expenses, guarantees and entrustment services; and

(iv) purchase of natural gas.

If PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company upon Completion, the above transactions would be subject to the terms and conditions of the Master Agreement (as supplemented). Further, the annual expenditure incurred by PetroChina Beijing Gas Pipeline Co., Ltd for using the products and services from the CNPC Group would be aggregated with the existing annual caps for the relevant category under the Master Agreement (as supplemented). Thus, the annual expenditure to be incurred by PetroChina Beijing Gas Pipeline Co., Ltd for using the products and services by the CNPC Group would increase the annual cap figures for existing continuing connected transactions regarding the provision of products and services by the CNPC Group to the Group under the Master Agreement (as supplemented) and should therefore be subject to reporting, announcement and Independent Shareholders' approval requirement.

(b) Provision of products and services by the Group to the CNPC Group

PetroChina Beijing Gas Pipeline Co., Ltd and its subsidiary have been providing the following products and services to the CNPC Group:

(i) transportation of natural gas; and

(ii) leasing services, including leasing of certain offices, commercial building, etc.

If PetroChina Beijing Gas Pipeline Co., Ltd becomes a subsidiary of the Company as a result of the completion, the above transactions (together with the continuous connected transactions as mentioned in (a) above, "**Additional CCT**") would be subject to the terms and conditions of the Master Agreement (as supplemented). Further, the annual revenue generated from the provision of products and services by PetroChina Beijing Gas Pipeline Co., Ltd to the CNPC Group would be aggregated with the existing annual caps for the relevant category under the Master Agreement (as supplemented). Thus, the annual revenue to be generated by PetroChina Beijing Gas Pipeline Co., Ltd for providing the products and services to the CNPC Group would increase the annual cap figures for existing continuing connected transactions regarding the provision of products and services by the Group to the CNPC Group under the Master Agreement (as supplemented) and should therefore be subject to reporting, announcement and Independent Shareholders' approval requirements.

Proposed Revised Caps in Relation to the Continuing Connected Transactions

The table below sets out certain categories for the continuing connected transactions in relation to the Master Agreement (as amended), the annual caps of which will need to be revised as a result of the Acquisition:

Table 7: Proposed Revised Caps in Relation to the Continuing Connected Transactions

		Year ending 31 December 2011				
				Increase in annual caps		
Category of continuing connected transactions		**Existing Caps**	**Revised Caps**	**RMB Appreciation of Existing Caps** *(Note 5)*	**Additional CCT**	**Total increase**
(a)	Provision of products and services by the CNPC Group to the Group but excluding the Oil and Gas Products *(Note 1,4)*	HK$4,093.0 million	HK$11,547.0 million	HK$95.3 million	HK$7,358.7 million	HK$7,454.0 million
(d)	Purchase of Oil and Gas Products from the CNPC Group by the Group *(Note 2,4)*	HK$5,251.0 million	HK$5,759.0 million	HK$189.0 million	HK$319.0 million	HK$508.0 million
(e)	Provision of products and services by the Group to the CNPC Group *(Note 3,4)*	HK$1,400.0 million	HK$2,928.0 million	HK$69.6 million	HK$1,458.4 million	HK$1,528.0 million

Notes:

(1) Considering the nature of the products and services provided by the CNPC Group, the products and services provided by the CNPC Group as described in section 6 (a) (i), (ii) and (iii) of this letter will be categorised in this category of continuing connected transactions

(2) Considering the nature of the products provided by the CNPC Group, the products provided by the CNPC Group as described in section 6 (a) (iv) of this letter will be categorised in this category of continuing connected transactions

(3) Considering the nature of the products and services provided by the Group to the CNPC Group, the products provided by the Group as described in section 6 (b) (i) and (ii) of this letter will be categorised in this category of continuing connected transactions

(4) The categories are in accordance with the classification of continuing connected transactions as set out in the circular of the Company dated 25 May 2010

(5) The Existing Caps were proposed in the circular of the Company dated 25 May 2010 and approved by the Independent Shareholders in the extraordinary general meeting of the Company on 10 June 2010. The Revised Caps includes the effect of appreciation of RMB against HK$ for the Existing Caps

Reasons for the Revised Caps

In determining whether the Revised Caps proposed by the Company are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, we have discussed with the Management the basis of determining the Revised Cap of each relevant category of continuing connected transactions.

Category (a)

The Revised Cap for Category (a) is the estimated annual caps for the provision of products and services by the CNPC Group to the Group (taking into account the increase of HK$95.3 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the provision of products and service by the CNPC Group to the Target Group after the Acquisition.

The increase of HK$95.3 million for the Exiting Cap of Category (a) due to the appreciation of RMB against HK$ represents 2.3% of the Existing Cap of Category (a). We note that between 25 May 2010 and the Latest Practicable Date, RMB has appreciated by 3.5% against HK$.

The annual figures for the provision of products and service by the CNPC Group to the Target Group after the Acquisition is estimated at HK$7,358.7 million, which comprises

- construction fee, being mainly the fee payable to CNPC Group for construction of pipelines
- agency fee, being the fee payable to CNPC Group for its service as the agent for debt collection;
- fee payable to CNPC Group for its repair & maintenance services of pipelines; and
- financial services, including but not limited to loans and deposit services and the associated interest incomes and expenses, guarantees and entrustment services provided by CNPC Group

The transaction amounts under Category (a) amounted to RMB1,040 million, RMB1,249 million, RMB5,210 million and RMB3,373 million for the three years ended 31 December 2009 and the nine months ended 30 September 2010. According to the Management, the annual cap of HK$7,358.7 million (equivalent to approximately RMB6,319.7 million) is determined based on the historical transaction amount for the nine months ended 30 September 2010 (annualised for the full year), taking into account the expected increase due to the commencement of the operation of Phase I of the No. 3 Shaanxi-Beijing Pipeline and the potential effect of appreciation of RMB against HK$.

We note that the transaction amounts under Category (a) increased by a compound annual growth rate of 123.8% for the three years ended 31 December 2009. The annual cap of HK$7,358.7 million for Category (a) in 2011 represents an increase of 40.5% over the annualised transaction amount in 2010 which is lower than the compound annual growth rate for the three years ended 31 December 2009. We therefore consider that the Revised Cap for the Additional CCT under Category (a) is fair and reasonable.

Category (d)

The Revised Cap is the estimated annual caps for the purchase of Oil and Gas Products by the Group under the Second Supplemental Agreement from the CNPC Group (taking into account the increase of HK$189.0 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the purchase of gas by the Target Group from the CNPC Group after the Acquisition.

The increase of HK189 million for the Existing Cap of Category (d) due to the appreciation of RMB against HK$ represents 3.6% of the Existing Cap of Category (d), which is above the percentage of appreciation of RMB against HK$ between 25 May 2010 and the Latest Practicable Date.

The estimated annual figures for the purchase of natural gas by the Target Group from the CNPC Group after the Acquisition is estimated at HK$319.0 million, which represents the estimated payment to the CNPC Group due to gas loss during injection and transmission.

The transaction amounts under Category (d) amounted to RMB84 million, RMB101 million, RMB115 million and RMB158 million for the three years ended 31 December 2009 and the nine months ended 30 September 2010. According to the Management, the annual cap of HK$319 million (equivalent to approximately RMB274 million) is determined based on the historical transaction amount for the nine months ended 30 September 2010 (annualised for the full year), taking into account the expected increase due to the commencement of the operation of Phase I of the No. 3 Shaanxi-Beijing Pipeline and the potential effect of appreciation of RMB against HK$.

We note that the transaction amounts under Category (d) increased by a compound annual growth rate of 17.0% for the three years ended 31 December 2009. The annual cap of HK$319 million for the year ended 31 December 2011 represents an increase of 30.0% over the annualised transaction amount in 2010. The higher percentage increase for the annual cap in 2011 over historical the compound annual growth rate takes into account the commencement of the operation in December 2010 of Phase I of the No. 3 Shaanxi-Beijing Pipeline which increased the aggregate gas transmission of the Target Group by 35% from 20 billion cubic metres to 27 billion cubic metres and the potential effect of appreciation of RMB against HK$. We therefore consider that the Revised Cap for the Additional CCT under Category (d) is fair and reasonable.

Category (e)

The Revised Cap is the estimated annual caps for the provision of products and services by the Group to the CNPC Group (taking into account the increase of HK$69.6 million for the Existing Cap due to the appreciation of RMB against HK$) aggregated with the estimated annual figures for the provision of products and service by the Target Group to the CNPC Group after the Acquisition.

The increase of HK69.6 million for the Existing Cap of Category (e) due to the appreciation of RMB against HK$ represents 5.0% of the Existing Cap of Category (e), which is above the percentage of appreciation of RMB against HK$ between 25 May 2010 and the Latest Practicable Date.

The estimated annual figures for the provision of products and service by the Target Group to the CNPC Group after the Acquisition is estimated at HK$1,458.4 million, which comprises estimated income from gas transmission services rendered to CNPC Group.

The transaction amounts under Category (e) amounted to RMB761 million, RMB950 million, RMB850 million and RMB821 million for the three years ended 31 December 2009 and the nine months ended 30 September 2010. According to the Management, the annual cap of HK$1,458.4 million (equivalent to approximately RMB1,252.5 million) is determined based on the historical transaction amount for the nine months ended 30 September 2010 (annualised for the full year), taking into account the expected increase due to the commencement of the operation of Phase I of the No. 3 Shaanxi-Beijing Pipeline and the potential effect of appreciation of RMB against HK$.

We note that the transaction amounts under Category (e) increased by a compound annual growth rate of 5.7% for the three years ended 31 December 2009. The annual cap of HK$1,458.4 million for the year ended 31 December 2011 represents an increase of 14.4% over the annualised transaction amount in 2010. The higher percentage increase for the annual cap in 2011 over the historical compound annual growth rate takes into account the commencement of the operation in December 2010 of Phase I of the No. 3 Shaanxi-Beijing Pipeline which increased the aggregate gas transmission of the Target Group by 35% from 20 billion cubic metres to 27 billion cubic metres and the potential effect of appreciation of RMB against HK$. We therefore consider that the Revised Cap for the Additional CCT under Category (e) is fair and reasonable.

Based on the foregoing, we are of the opinion that the Revised Caps for the category (a), (d) and (e) are fair and reasonable, and in the interests of the Company and its Shareholders as a whole so far as the Company and the Shareholders are concerned.

Annual review of continuing connected transactions

Under the Listing Rules, each year, the independent non-executive directors of the Company ("**Independent Non-Executive Directors**") must review the transactions under the Master Agreement (as amended) and confirm in the Company's annual report and accounts that the same have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties; and

(3) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company will also be required to comply with all other continuing obligations under the Listing Rules, including confirmation from its auditor that the Revised Caps have not been exceeded. In addition, in respect of the written agreements to be entered into, to the extent that the terms are materially different from those of the existing written agreement, the Company will publish an announcement and will re-comply with the reporting and announcement and/or Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONCLUSIONS AND RECOMMENDATION

Having considered and analysed the principal factors as set out in this letter above, we would like to draw your attention to the following key factors, which should be read in conjunction with, and interpreted in, the full context of the Circular, in arriving at our conclusion:

– the Group is primarily engaged in the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia. The primary business of Target Group is natural gas transmission which provides services to city gas operators along the Shaanxi-Beijing Pipelines;

– the Target Group has steadily increased its revenue and underlying profit for the three years ended 31 December 2009 and the nine months ended 30 September 2010. The revenue and net profit of the Target Group increased by compound annual growth rates of 25.6% and 49.2%, respectively, for the two years ended 31 December 2009. For the nine months ended 30 September 2010, the revenue and net profit of the Target Group increased by 22.0% and 7.6%, respectively, as compared to those for the nine months ended 30 September 2009;

– the Acquisition is in line with the Group's strategies and the Board believes the Target Group (1) has high strategic value for growing the natural gas business of the Group and strong financial performance and growth potential; and (2) will strengthen natural gas business of the Group;

– the Consideration is approximately RMB18,870.9 million payable by way of allotment and issue of the Consideration Shares. The valuation multiples of the Target Group based on the Consideration of the Acquisition are generally lower than those of the Comparable Companies and Comparable Transactions. The Issue price of HK$10.02 represents a premium of approximately 212.2% to the unaudited pro forma net assets per Share attributable to the owners of the Company of approximately HK$3.21 per share. The P/E multiple implied by the Issue Price is higher than that of the Target Group implied by the Consideration.

– the shareholding of the existing Independent Shareholders in the Company will be diluted from approximately 43.2% to approximately 30.0%. However, the benefits of the Acquisition should also be considered as a whole, including the Group's strategies and accretion of earnings per share;

– the Enlarged Group would have higher revenue, EBITDA, net profit attributable to the Shareholders and earnings per share for the year ended 31 December 2009 than the Group, which is due to contribution of the Target Group. We further note that the working capital of the Enlarged Group would decrease and the gearing ratio of the Enlarged Group would increase. However, the pro forma net tangible assets of the Group per share would be enhanced after Completion;

– the Revised Caps for the year ending 31 December 2011 are HK$11,547.0 million, HK$5,759.0 million and HK$2,928.0 million for Categories (a), (d) and (e) respectively, which are mainly determined with reference to Existing Caps, the appreciation of RMB against HK$ and the estimated annual figures of the Additional CCT; and

– the Company will also be required to comply with all other continuing obligations under the Listing Rules, including confirmation from its auditor that the Revised Caps have not been exceeded.

Based on the above, we are of the opinion that the Acquisition is on normal commercial terms and the terms of the Acquisition and the Revised Caps are fair and reasonable and in the interests of Kunlun Energy and the Shareholders as a whole so far as the Independent Shareholders are concerned. Therefore, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in relation to the Acquisition and the Revised Caps.

Yours faithfully,
For and on behalf of
ING BANK N.V.
Wang Chang Hong
Managing Director

A. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Investors should read the following discussion and analysis in conjunction with the consolidated financial information of Kunlun Energy Company Limited (the "Company") and its subsidiaries (the "Group") for the three years ended 31 December 2007, 2008 and 2009 and the six months period ended 30 June 2010, of which are included in the annual reports of the Company for the years ended 31 December 2008 and 2009 and the unaudited interim report of the Company for the six months ended 30 June 2010. Unless other stated, capitalised terms stated in this appendix shall have the same meanings as defined in the "Letter from the Board" of this circular.

Referring to Note 40(a) to the financial statements under Section A of Appendix II of this circular, the consolidated financial information of the Company for the year ended 31 December 2008 has been restated as merger accounting was adopted retrospectively to account for certain acquisitions by the Company in 2009 which were regarded as business combinations under common control of CNPC in accordance with the Group's accounting policies as set out in Note 3(a) to the financial statements under Section A of Appendix II of this circular. For the purpose of the management discussion and analysis of the Group in this appendix, the un-restated consolidated financial information of the Company for the year ended 31 December 2008 has also been disclosed and the consolidated financial information of the Company for the year ended 31 December 2007 has not been restated as the Directors consider that the un-restated consolidated financial information is more appropriate to explain and analyse the changes in the Group's business operations.

Overview

The principal activities of the Group are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, Peru, the Kingdom of Thailand, the Azerbaijan Republic and the Republic of Indonesia, and the sale of natural gas and transmission of natural gas in the PRC.

The Group has started to develop the end-user sale and utilisation of natural gas business since 2009 mainly through acquisitions and capital injections. Through the acquisitions and capital injections in 2009 and 2010, the Group has established the foundation for the Company's business transition and the development of the natural gas business.

The following table summarises the revenues generated from different business segments of the Group during the three years ended 31 December 2007, 2008 and 2009 and the six months period ended 30 June 2010:

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*	*HK$'000*
Exploration and production	3,842,723	5,208,347	5,208,347	3,151,102	1,131,705	2,240,133
% of total revenue	100%	100%	76.7%	59.7%	56.4%	60.1%
Natural gas distribution	–	–	1,579,576	2,129,083	874,020	1,486,011
% of total revenue	–	–	23.3%	40.3%	43.6%	39.9%
Total revenue	3,842,723	5,208,347	6,787,923	5,280,185	2,005,725	3,726,144

Natural Gas Business

The Group has started to develop the end-user sale and utilisation of natural gas business since December 2008 mainly through acquisitions and capital injections. From December 2008, the Group conducted several acquisitions and capital injections including the acquisition of CNPC Shennan Oil Technology Development Co., Ltd（海南中油深南石油技術開發有限公司） ("**Shennan Oil**"), Xinjiang Xinjie Co., Ltd. ("**Xinjiang Xinjie**") and China Natural Gas Corporation Limited（華油天然氣股份有限公司）("**Huayou**") as a platform for the development of natural gas business of the Company. In 2010, the Group established several subsidiaries with controlling interests through acquisition, capital injection and the formation of new wholly-owned company or joint ventures, etc., including Kunlun Energy (Qinghai) Company Limited, Kunlun Energy (Shandong) Company Limited, Sichuan Chuangang Gas Limited Company, PetroChina Tianjin Natural Gas Pipeline Company Limited and Cangzhou China Oil and Gas Limited etc. Through the acquisitions and capital injections in 2009 and 2010, the Group has established the foundation for the Company's business transition and the development of the natural gas business.

The rapid and vigorous increase in revenue and profit has also provided a solid foundation for the development of the natural gas business of the Company.

The following table summarises the performance of the Group's natural gas business:

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008** *(restated)*	**2009**	**2009**	**2010**
Sales volume ('000 cubic metre)	–	–	855	1,380	550,475	841,106
Growth rate				61.4%		52.8%
Revenue (HK$'000)	–	–	1,579,576	2,129,083	874,020	1,486,011
Growth rate				34.8%		70.0%
Profit attributable to owners of the Company (HK$'000)	–	–	79,984	214,264	82,774	159,970
Growth rate				168%		93.3%

The natural gas sales volume of the Group in 2009 increased by 61.4% as compared with 2008. The revenue contributed by natural gas business of the Group in 2009 increased by 34.8% as compared with 2008. Such increase was mainly attributable to the expansion of natural gas business through equity acquisition and capital injections during 2009.

The sales volume of natural gas of the Group in six months ended 30 June 2010 increased by 52.8% as compared with the same period in 2009. The revenue contributed by natural gas business of the Group in six months ended 30 June 2010 increased by 70.0% as compared with the same period in 2009. Such increase was mainly attributable to the expansion of natural gas business through equity acquisition, capital injections, new subsidiaries establishments, and increase in selling price.

Exploration and Production Business

The Group currently has nine oil fields located in seven different countries and two of them are exploration projects. Exploration and production business is currently the Group's major source of profit and cash flow. The Group would grasp the opportunities of international oil prices increase to raise the production volume of crude oil, improve cost control and apply delicacy management to enhance profitability. The following table summarises the performance of the Group's exploration and production business:

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008** *(restated)*	**2009**	**2009**	**2010**
Crude Oil Sales volume ('000 barrels)	16,488	16,494	16,494	16,202	8,091	8,337
Growth rate		0.04%	0.04%	(1.77%)		3.0%
Revenue (HK$'000)	3,842,723	5,208,347	5,208,347	3,151,102	1,131,705	2,240,133
Growth rate		35.5%	35.5%	(39.5%)		97.9%
Profit attributable to owners of the Company (HK$'000)	1,992,880	3,186,532	3,186,532	1,081,343	201,905	1,145,720
Growth rate		59.9%	59.9%	(66.1%)		467.5%

The crude oil sales volume of the Group in 2008 increased by 0.04% as compared with 2007. The revenue contributed by exploration and production business of the Group in 2008 increased by 35.5% as compared with 2007. Such increase was mainly attributable to increase in crude oil selling prices.

The crude oil sales volume of the Group in 2009 decreased by 1.77% as compared with 2008. The revenue contributed by exploration and production business of the Group in 2009 decreased by 39.5% as compared with 2008. Such decrease was mainly attributable to decrease in crude oil selling prices and weaker demands due to economic downturn.

The crude oil sales volume of the Group in six months ended 30 June 2010 increased by 3.0% as compared with the same period in 2009. The revenue contributed by exploration and production business of the Group in six months ended 30 June 2010 increased by 97.9% as compared with the same period in 2009. Such increase was mainly attributable to the surge in crude oil selling prices.

Prospects of the Group

The Group is committed to focusing on the natural gas end-user sale and comprehensive utilisation businesses. While continuing the steady development in compressed natural gas ("**CNG**"), city gas and associated gas collection, the Group's first priority is to develop the liquefied natural gas ("**LNG**") business, implementing the "Replacing Oil with Gas" strategy, and seizing the high-end market of natural gas utilisation.

Strategically, the Group is accelerating the construction of LNG plants in the top five gas production regions in the PRC while actively acquiring coastal LNG terminals from the parent company; tactically, the Group is grasping the opportunities for market expansion: building LNG refilling stations around LNG gas resources, reasonably dispersing the LNG sales network, developing heavy-duty cargo truck, inter-city passenger transportation, river trade cargo vessels and power equipments like oilfield rigs.

The Group will fully exploit the resources, talents and management advantages of the parent company; cooperate closely with various oilfield and gasfield enterprises under the parent company to establish joint venture companies specialising in the business of developing the comprehensive utilisation of natural gas and market within the oilfields and gasfields and in the surrounding areas. This would have significant contribution to the Group's realisation of forward-leaping development.

Selected consolidated financial information of the Group

Condensed consolidated statements of financial position

			As at 31 December		As at 30 June
	2007	**2008**	**2008**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*
Total assets	12,249,540	14,815,686	17,281,642	21,416,757	23,031,299
Total liabilities	2,247,499	2,537,868	4,091,629	5,041,071	5,469,527
Total equity	10,002,041	12,277,818	13,190,013	16,375,686	17,561,772

Condensed consolidated income statements

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	3,842,723	5,208,347	6,787,923	5,280,185	2,005,725	3,726,144
Profit before income tax expense	3,310,732	5,554,359	5,774,368	1,854,946	486,729	2,191,359
Profit for the year/ period	2,680,186	4,519,626	4,680,501	1,463,462	366,882	1,671,168

Condensed consolidated statements of cash flows

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*	*HK$'000*
Cash inflows from operating activities	1,372,855	2,238,088	2,516,617	1,544,071	206,198	1,247,624
Cash inflows/(outflows) from investing activities	792,242	1,217,698	714,391	(1,607,622)	(128,288)	(589,383)
Cash inflows/(outflows) from financing activities	(1,058,746)	(2,383,099)	(2,385,277)	2,675,867	(596,544)	555,281
Increase/(decrease) in cash and cash equivalents	1,106,351	1,072,687	845,731	2,612,316	(518,634)	1,213,522

Profitability of the Group

Consolidated income statement summary

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	3,842,723	5,208,347	6,787,923	5,280,185	2,005,725	3,726,144
Increase/(decrease)		1,365,624	2,945,200	(1,507,738)		1,720,419
Percentage change		35.5%	76.6%	(22.2%)		85.8%
Other gains, net	213,670	188,810	205,634	34,592	5,486	97,453
Increase/(decrease)		(24,860)	(8,036)	(171,042)		91,967
Percentage change		(11.6%)	(3.8%)	(83.2%)		1676.4%
Interest income	111,525	113,039	115,294	39,067	24,217	8,927
Increase/(decrease)		1,514	3,769	(76,227)		(15,290)
Percentage change		1.4%	3.4%	(66.1%)		(63.1%)
Purchases, services and others	939,504	1,240,246	2,019,359	2,340,132	937,697	1,475,997
Increase/(decrease)		300,742	1,079,855	320,773		538,300
Percentage change		32.0%	114.9%	15.9%		57.4%
Employee compensation costs	253,304	221,917	336,253	368,323	160,173	273,274
Increase/(decrease)		(31,387)	82,949	32,070		113,101
Percentage change		(12.4%)	32.7%	9.5%		70.6%
Exploration expenses	490,508	43,705	43,705	31,766	12,106	17,620
Increase/(decrease)		(446,803)	(446,803)	(11,939)		5,514
Percentage change		(91.1%)	(91.1%)	(27.3%)		45.5%
Depreciation, depletion and amortisation	653,116	631,595	797,456	556,364	251,857	404,355
Increase/(decrease)		(21,521)	144,340	(241,092)		152,498
Percentage change		(3.3%)	22.1%	(30.2%)		60.5%
Selling, general and administrative expenses	535,772	615,810	832,402	508,517	223,748	344,907
Increase/(decrease)		80,038	296,630	(323,885)		121,159
Percentage change		14.9%	55.4%	(38.9%)		54.1%
Taxes other than income tax	82,413	405,967	424,874	130,573	1,592	173,974
Increase/(decrease)		323,554	342,461	(294,301)		172,382
Percentage change		392.6%	415.5%	(69.2%)		10828.0%
Other income/ (expenses)	(32,642)	(112,886)	(112,886)	64,425	(4,511)	(15,273)
Increase/(decrease)		(80,244)	(80,244)	177,311		(10,762)
Percentage change		245.8%	245.8%	N/A		238.6%

	Year ended 31 December				Six months ended 30 June	
	2007	**2008**	**2008**	**2009**	**2009**	**2010**
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*	*HK$'000*
Interest expenses	76,983	77,191	165,488	134,975	78,183	69,044
Increase/(decrease)		208	88,505	(30,513)		(9,139)
Percentage change		0.3%	115.0%	(18.4%)		(11.7%)
Share of profits less (losses) of:						
– Associates	2,021,239	3,231,962	3,236,422	255,681	(59,208)	999,902
Increase/(decrease)		1,210,723	1,215,183	(2,980,741)		1,059,110
Percentage change		59.9%	60.1%	(92.1%)		N/A
– Jointly controlled entities	185,817	161,518	161,518	251,646	180,376	133,377
Increase/(decrease)		(24,299)	(24,299)	90,128		(46,999)
Percentage change		(13.1%)	(13.1%)	55.8%		(26.1%)
Profit before income tax expense	3,310,732	5,554,359	5,774,368	1,854,946	486,729	2,191,359
Increase/(decrease)		2,243,627	2,463,636	(3,919,422)		1,704,630
Percentage change		67.8%	74.4%	(67.9%)		350.2%
Income tax expense	630,546	1,034,733	1,093,867	391,484	119,847	520,191
Increase/(decrease)		404,1871	463,321	(702,383)		400,344
Percentage change		64.1%	73.5%	(64.3%)		334.0%
Profit for the year/ period	2,680,186	4,519,626	4,680,501	1,463,462	366,882	1,671,168
Increase/(decrease)		1,839,440	2,000,315	(3,217,039)		1,304,286
Percentage change		68.6%	74.6%	(68.7%)		355.5%

Revenue

The revenue of the Group in 2008 increased by 35.5% as compared with 2007. Such increase was mainly attributable to rise in crude oil selling prices.

The revenue of the Group in 2009 decreased by 22.2% as compared with 2008 restated figure. Such decrease was mainly attributable to fall in crude oil selling prices and the decrease in sales volume of crude oil.

The revenue of the Group in the six months ended 30 June 2010 increased by 85.8% as compared with the same period of 2009. Such increase was mainly attributable to 1) substantial increase in natural gas sales; and 2) surge in crude oil selling prices.

Other gains, net

The other gains of the Group in 2008 decreased by 11.6% as compared with 2007. Such decrease was mainly attributable to decrease in dividend income from available-for-sale financial assets and Government grants related to reinvestment of profits generated from oil production sharing contracts.

The other gains of the Group in 2009 decreased by 83.2% as compared with 2008 restated figure. Such decrease was mainly attributable to decrease in net exchange gains resulting from stabilisation in exchange rates of Renminbi against Hong Kong dollar during the year ended 31 December 2009.

The other gains of the Group in the six months ended 30 June 2010 increased by 1676.4% as compared with the same period of 2009. Such increase was mainly attributable to a gain on disposal of refined oil pipeline transmission assets.

Interest income

The interest income of the Group in 2008 increased by 1.4% as compared with 2007. Such increase was mainly attributable to decrease of placing to fixed deposit throughout the period.

The interest income of the Group in 2009 decreased by 66.1% as compared with 2008 restated figure. Such decrease was mainly attributable to reduction in interest rates on bank deposits.

The interest income of the Group in the six months ended 30 June 2010 decreased by 63.1% as compared with the same period of 2009. Such decrease was mainly attributable to decrease of placing to fixed deposit throughout the period.

Purchases, services and others

The purchases, services and others of the Group in 2008 increased by 32.0% as compared with 2007. Such increase was mainly attributable to increase in the lifting costs of crude oil operation.

The purchases, services and others of the Group in 2009 increased by 15.9% as compared with 2008 restated figure. Such increase was mainly attributable to increase in purchased volume of natural gas which is in line with the market conditions.

The purchases, services and others of the Group in the six months ended 30 June 2010 increased by 57.4% as compared with the same period of 2009. Such increase was mainly attributable to increase in the lifting costs of crude oil operation and natural gas purchase.

Employee compensation costs

The employee compensation costs of the Group in 2008 decreased by 12.4% as compared with 2007. Such decrease was mainly attributable to decrease in share based payment.

The employee compensation costs of the Group in 2009 increased by 9.5% as compared with 2008 restated figure. Such increase was mainly attributable to additional costs resulted from the expansion of the Group's natural gas business.

The employee compensation costs of the Group in the six months ended 30 June 2010 increased by 70.6% as compared with the same period of 2009. Such increase was mainly attributable to additional costs resulted from the expansion of the Group's natural gas business.

Exploration expenses

The exploration expenses of the Group in 2008 decreased by 91.1% as compared with 2007. Such decrease was mainly attributable to less exploration activities undertaken in the Group's overseas oil fields.

The exploration expenses of the Group in 2009 decreased by 27.3% as compared with 2008. Such decrease was mainly attributable to less exploration activities undertaken in the Group's overseas oil fields.

The exploration expenses of the Group in the six months ended 30 June 2010 increased by 45.5% as compared with the same period of 2009. Such increase was mainly attributable to more exploration activities undertaken in the Group's overseas oil fields.

Depreciation, depletion and amortisation

The depreciation, depletion and amortisation of the Group in 2008 decreased by 3.3% as compared with 2007. Such decrease was mainly due to the reduction of production volume of crude oil.

The depreciation, depletion and amortisation of the Group in 2009 decreased by 30.2% as compared with 2008 restated figure. Such decrease was mainly attributable to revision of estimation of oil and gas reserves at the beginning of the year.

The depreciation, depletion and amortisation of the Group in the six months ended 30 June 2010 increased by 60.5% as compared with the same period of 2009. Such increase was mainly attributable to change in oil and gas reserve estimates and increase in capital expenditure.

Selling, general and administrative expenses

The selling, general and administrative expenses of the Group in 2008 increased by 14.9% as compared with 2007. Such increase was mainly attributable to increase in royalty expenses following the increase of crude oil sales revenue.

The selling, general and administrative expenses of the Group in 2009 decreased by 38.9% as compared with 2008 restated figure. Such decrease was mainly attributable to decrease in royalty expenses in line with reduction in global crude oil selling prices.

The selling, general and administrative expenses of the Group in the six months ended 30 June 2010 increased by 54.1% as compared with the same period of 2009. Such increase was mainly attributable to increase in royalty expenses following the increase of crude oil sales revenue.

Taxes other than income tax

Taxes other than income tax mainly represent special levy which is paid or payable on the portion of income realised from the sales of domestically-produced crude oil at prices above certain level. This levy was imposed by the PRC Government and became effective from 26 March 2006.

The taxes other than income tax of the Group in 2008 increased by 392.6% as compared with 2007. Such increase was mainly attributable to increase in payment of the special levy on crude oil by the Group, resulting from rising selling prices.

The taxes other than income tax of the Group in 2009 decreased by 69.2% as compared with 2008 restated figure. Such decrease was mainly attributable to decrease in payment of the special levy on the sale of domestic crude oil by the Group as the average crude oil prices remained low throughout the whole year of 2009.

The taxes other than income tax of the Group in the six months ended 30 June 2010 increased by 10828.0% as compared with the same period of 2009. Such increase was mainly attributable to increase in payment of the special levy as a result of the realised crude oil selling prices upsurge.

Other income/(expenses)

The net other expenses of the Group in 2008 increased by 245.8% as compared with 2007. Such increase was mainly attributable to provision of investment in jointly controlled entities.

The net other income of the Group in 2009 represented an increase by HK$177.3 million from the net other expenses in 2008 restated figure. Such increase was mainly attributable to reversal of impairment provision on loans to jointly controlled entities in 2009 and provision for impairment loss on loans to jointly controlled entities in 2008.

The net other expenses of the Group in the six months ended 30 June 2010 increased by 238.6% as compared with the same period of 2009. Such increase was mainly attributable to impairment of a subsidiary's other receivables.

Interest expenses

The interest expenses of the Group in 2008 increased by 0.3% as compared with 2007. Such increase was mainly attributable to the loan from a fellow subsidiary.

The interest expenses of the Group in 2009 decreased by 18.4% as compared with 2008 restated figure. Such decrease was mainly attributable to borrowings at lower interest rate from related parties financial institution for the Group's expansion in natural gas businesses and decrease in short-term borrowings.

The interest expenses of the Group in the six months ended 30 June 2010 decreased by 11.7% as compared with the same period of 2009. Such decrease was mainly attributable to decrease of interest rate for borrowings.

Share of profits less losses of associates

The share of profits less losses of associates of the Group in 2008 increased by 59.9% as compared with 2007. Such increase was mainly attributable to the increase of the selling price of crude oil in the associate company.

The share of profits less losses of associates of the Group in 2009 decreased by 92.1% as compared with 2008 restated figure. Such decrease was mainly attributable to share of export custom duties and tax reform in Kazakhstan.

The share of profits less losses of associates of the Group in the six months ended 30 June 2010 increased by HK$1,059.1 million from the share of net losses of associates in the same period of 2009. Such increase was mainly attributable to increase of selling price of crude oil in the associate company.

Share of profits less losses of jointly controlled entities

The share of profits less losses of jointly controlled entities of the Group in 2008 decreased by 13.1% as compared with 2007. Such decrease was mainly attributable to increase of cost in a jointly controlled entity.

The share of profits less losses of jointly controlled entities of the Group in 2009 increased by 55.8% as compared with 2008 restated figure. Such increase was mainly attributable to increase in profit of North China Petroleum Steel Pipe Company Limited (華油鋼管有限公司), one of the Group's jointly controlled entities.

The share of profits less losses of jointly controlled entities of the Group in the six months ended 30 June 2010 decreased by 26.1% as compared with the same period of 2009. Such decrease was mainly attributable to profit drop of North China Petroleum Steel Pipe Company Limited (華油鋼管有限公司).

Income tax expense

The income tax expense of the Group in 2008 increased by 64.1% as compared with 2007. Such increase was mainly attributable to and in line with increase in profit before income tax.

The income tax expense of the Group in 2009 decreased by 64.3% as compared with 2008 restated figure. Such decrease was mainly attributable to and in line with decrease in profit before income tax.

The income tax expense of the Group in the six months ended 30 June 2010 increased by 334.0% as compared with the same period of 2009. Such increase was mainly attributable to and in line with increase in profit before income tax.

Profit for the year/period

The profit for the year of the Group in 2008 increased by 68.6% as compared with 2007. Such increase was mainly attributable to increase in revenue and share of profits less losses of associates.

The profit for the year of the Group in 2009 decreased by 68.7% as compared with 2008 restated figure. Such decrease was mainly attributable to decrease in revenue and share of profits less losses of associates.

The profit for the period of the Group in the six months ended 30 June 2010 increased by 355.5% as compared with the same period of 2009. Such increase was mainly attributable to increase in revenue and share of profits less losses of associates.

Liquidity and financial resources of the Group

Cash inflows from operating activities

The cash inflows from operating activities of the Group in 2008 increased by HK$865.2 million (63.0%) as compared with 2007. Such increase was mainly attributable to increase in profit for the year.

The cash inflows from operating activities of the Group in 2009 decreased by HK$972.5 million (38.6%) as compared with 2008 restated figure. Such decrease was mainly attributable to decrease in profit for the year and increase in working capital.

The cash inflows from operating activities of the Group in the six months ended 30 June 2010 increased by HK$1,041.4 million (505.1%) as compared with the same period of 2009. Such increase was mainly attributable to increase in profit for the period.

Cash inflows/outflows from investing activities

The cash inflows from investing activities of the Group in 2008 increased by HK$425.5 million (53.7%) as compared with 2007. Such increase was mainly attributable to decrease in deposits with maturities over three months.

The cash outflows from investing activities of the Group in 2009 represented an increase by HK$2,322.0 million as compared with the cash inflow from investing activities of the Group in 2008 restated figure. Such increase was mainly attributable to decrease in dividend received from associates, acquisitions of associates, subsidiaries and a plant engaging in LNG business and increase in capital expenditure.

The cash outflows from investing activities of the Group in the six months ended 30 June 2010 increased by HK$461.1 million (359.4%) as compared with the same period of 2009. Such increase was mainly attributable to increase in capital expenditure and purchase of non-controlling interest (mainly additional 26.58% equity interest in Huayou).

Cash inflows/outflows from financing activities

The cash outflows from financing activities of the Group in 2008 increased by HK$1,324.3 million (125.1%) as compared with 2007. Such increase was mainly attributable to repurchase of shares.

The cash inflows from financing activities of the Group in 2009 represented an increase by HK$5,061.1 million as compared with the cash outflows from financing activities of the Group in 2008 restated figure. Such increase was mainly attributable to issuance of shares.

The cash inflows from financing activities of the Group in the six months ended 30 June 2010 represented an increase by HK$1,151.8 million as compared with the cash outflows from financing activities of the Group in the same period of 2009. Such increase was mainly attributable to decrease in repayment of borrowings, decrease in dividend paid to owners and capital contributions from non-controlling interest.

Cash and cash equivalents

As at 31 December 2007, 2008, 2009 and 30 June 2010, the Group had cash and cash equivalents amounted to approximately HK$3,343.3 million, HK$4,751.2 million (restated), HK$7,376.9 million and HK$8,590.4 million respectively. The cash and cash equivalents are held in Hong Kong dollar, US dollar, Renminbi and Thai Baht.

Working capital

The breakdown of working capital is as follows:

			As at 31 December		As at 30 June
	2007	2008	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*
Current assets	4,659,842	5,136,882	6,253,893	8,786,558	10,129,462
Increase/(decrease)		477,040	1,594,051	2,532,665	
Percentage change		10.2%	34.2%	40.5%	
Current liabilities	870,320	722,593	2,217,182	2,276,402	2,887,925
Increase/(decrease)		(147,727)	1,346,862	59,220	
Percentage change		(17.0%)	154.8%	2.7%	
Working capital	3,789,522	4,414,289	4,036,711	6,510,156	7,241,537
Increase/(decrease)		624,767	247,189	2,473,445	

Note: Working capital is calculated as current assets less current liabilities.

The working capital of the Group in 2008 represented an increase by HK$624.8 million as compared with 2007. Such increase was mainly attributable to increase in profit for the year.

The working capital of the Group in 2009 represented an increase by HK$2,473.4 million as compared with 2008 restated figure. Such increase was mainly attributable to refinance of short-term borrowings to long-term borrowings.

Capital structure of the Group

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so as to provide returns for owners and to reduce its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as borrowings divided by the sum of total equity and total borrowings. The gearing ratios at 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 are 9.25%, 14.69% (restated), 10.68% and 13.48% respectively.

Borrowings

Particulars of the Group's borrowings as at 31 December 2007, 2008 and 2009, and 30 June 2010 are summarised in the following table:

	As at 31 December				As at 30 June
	2007	2008	2008	2009	2010
	HK$'000	*HK$'000*	*HK$'000 (restated)*	*HK$'000*	*HK$'000*
Short-term borrowings	–	–	1,248,323	163,319	942,042
Long-term borrowings	832,623	993,874	1,022,248	1,793,401	1,792,942
Total borrowings	832,623	993,874	2,270,571	1,956,720	2,734,984

Charges on the Group's assets

As at 31 December 2007 and 31 December 2008, the Group had no outstanding secured short-term or long-term borrowings.

As at 31 December 2008 (restated), secured short-term and long-term borrowings are secured by property, plant and equipment, advanced operating lease payments and assets held for sale with aggregate carrying values of HK$747.2 million.

As at 31 December 2009, secured short-term and long-term borrowings are secured by property, plant and equipment, advanced operating lease payments with aggregate carrying values of HK$40.8 million.

As at 30 June 2010, no short-term and long-term borrowings were secured by property, plant and equipment, advanced operating lease payments and assets held for sale.

Contingent liabilities

As at 31 December 2007, 2008, 2009, and 30 June 2010, the Group did not have any reportable contingent liabilities.

Capital commitments

As at 31 December 2007, 2008 and 2009, and 30 June 2010, the Group's capital commitments in respect of contracted but not provided for was approximately HK$795.7 million, HK$824.4 million (restated), HK$1,451.2 million and 2,685.2 million respectively.

As at 31 December 2007, 2008 and 2009, and 30 June 2010, the Group's capital commitments in respect of authorised but not contracted for was approximately HK$222.8 million, HK$81.8 million (restated), HK$7,823.3 million and HK$6,281.6 million respectively.

Financial risk factors

The operating activities of the Group are exposed to various types of financial risks, namely market risks (including exchange risk, fair value interest rate risk, cash flow interest rate risk and pricing risk), credit risks and liquidity risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Exchange risk

The Group conducts its business primarily in US dollar and Renminbi. Limitation in foreign exchange transactions imposed by the PRC Government could cause future exchange rates to vary significantly from current or historical exchange rates.

Entities within the Group also exposes to foreign exchange rate risk in relation to monetary balances which are denominated in a currency that is not the entity's functional currency. As at 31 December 2007, 2008, 2008(restated), 2009 and 30 June 2010, except for bank balances amounting to HK$7.4 million, HK$4.3 million, HK$29.7 million, HK$4,121.6 million and HK$3,089.2 million respectively, there are no significant monetary balances held by the Group that are denominated in a non-functional currency.

The Group did not enter into material hedge contracts during any of the years presented to hedge against its foreign exchange rate risk.

Cash flow and fair value interest rate risk

The Group's exposure to fair value interest rate risk is mainly attributable to borrowings at fixed interest rates.

The Group is also exposed to cash flow interest rate risk which is mainly attributable to the variable rate bank balances and deposits, loans to jointly controlled entities and borrowings at floating interest rates.

The Group currently does not have an interest rate hedging policy.

Pricing risk

The Group is engaged in a wide range of petroleum-related activities. Prices of crude oil and petroleum products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts to the Group.

The Group historically has not used commodity derivative instruments to hedge against potential price fluctuations of crude oil or petroleum products and therefore the Group is exposed to general price fluctuations of crude oil and petroleum products.

The Group is also exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Credit risk

Credit risk arises primarily from cash and cash equivalents, accounts receivable, other receivables and bank deposits. As the majority of cash at bank and time deposits are placed with state-owned banks and financial institutions, the corresponding credit risk is relatively low.

The Group has no significant concentration of credit risk.

Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

Material acquisitions and disposals by the Group

The following summarises the major acquisitions and disposals by the Group for the three financial years ended 2009 and the six months period ended 30 June 2010, details of which are set out in the announcements and circulars published by the Company in relation to the respective acquisitions and disposals.

Acquisitions

On 19 December 2008, the Group entered into an agreement with Shennan Oil and the existing shareholders of Shennan Oil, pursuant to which the Company conditionally agreed to subscribe for the capital in Shennan Oil of approximately RMB52.0 million, representing 50.98% equity interest in Shennan Oil. Shennan Oil is principally engaged in the supply of CNG as well as construction and operation of CNG stations in the PRC.

On 5 January 2009, the Group entered into agreements with PetroChina, Lead Source Limited, Xinjiang Tongyu Co., Ltd and Xinjiang Tongyuan Co., Ltd. (collectively "**Existing Shareholders of Xinjiang Xinjie**") respectively, pursuant to which the Company conditionally agreed to acquire the respective equity interest held by the Existing Shareholders of Xinjiang Xinjie in Xinjiang Xinjie. Upon completion of the acquisition of Xinjiang Xinjie, the Company will own 97.26% equity interest in Xinjiang Xinjie. Xinjiang Xinjie, its subsidiaries and associates are principally engaged in the city gas related business, operation of natural gas stations, transmission and storage of refined products, the sale and transmission of natural gas, as well as the development of the technology of natural gas utilisation in the PRC.

On 16 February 2009, the Group entered into the Huayou Capital Injection Agreement with the existing shareholders of Huayou, pursuant to which the Company conditionally agreed to subscribe for 177,000,000 shares of Huayou at a consideration of approximately RMB435.2 million (equivalent to approximately HK$493.6 million). Upon completion of the Huayou Capital Injection, Huayou will be owned as to 51.01% by the Company and will become its non-wholly owned subsidiary. Huayou, its subsidiaries and associates are principally engaged in the city gas related businesses, production and distribution of natural gas and the operation of CNG stations in the PRC.

On 26 October 2009, the Group acquired a LNG processing plant located at Fushan Town, Chengmai Country, Hainan Province, PRC at a consideration of approximately RMB201.6 million (approximately HK$227.8 million).

On 30 December 2009, the Group entered into an acquisition agreement with a non-controlling interest to acquire 92,250,000 shares in Huayou, representing approximately 26.58% equity interest in Huayou, at a consideration of RMB260.2 million (approximately HK$294.0 million). After the acquisition, the Group's equity interest in Huayou increased from 51.01% to 77.59%.

On 19 January 2010, Huayou entered into an investment agreement with People's Government of Wuhai City to establish a co-operation relationship in relation to the investment by Huayou in the establishment of the composite utilisation project on reduction of coke oven gas emission in Wuhai City of Inner Mongolia. The estimated investment amount to be made by Huayou in such project is RMB 4.1 billion. Huayou plans to use such investment amount to build two LNG factories with a daily capacity of processing 2.4 million cubic meters of coke oven gas into LNG and a transmission pipeline for the use of balancing the emission volume of coke oven gas in Wuhai City.

On 17 May 2010, the Group entered into an acquisition agreement with PetroChina to acquire 55.00% equity interest in 中石油江蘇液化天然氣有限公司 (PetroChina LNG Jiangsu Company Limited*). ("**Jiangsu LNG**") at a cash consideration of RMB500.2 million (equivalent to approximately HK$567.7 million). Jiangsu LNG Company was set up in June 2009 and was licensed to develop, construct and operate a LNG terminal in Jiangsu, including the loading, storage and re-gasification of natural gas.

On 9 November 2010, the Group entered into an acquisition agreement with PetroChina to acquire 75.00% equity interest in 中石油大連液化天然氣有限公司 (PetroChina Dalian LNG Company Ltd*) ("**Dalian LNG**") through open tender on China Beijing Equity Exchange, at a consideration of approximately RMB 2,009.1 million (equivalent to approximately HK$2,280.2 million). Dalian LNG was set up in March 2009 and was licensed to develop, construct and operate a LNG terminal in Dalian, including functions of unloading, loading, storage and re-gasification of natural gas.

On 31 December 2010, the Group entered into an acquisition agreement with PetroChina to acquire 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd through open tender on China Beijing Equity Exchange, at a consideration of approximately RMB 18,870,9 million (equivalent to approximately HK$21,973.3 million), by way of allotment and issuance of consideration shares to PetroChina.

Establishment

In 2010 year-to-date, the Group established six subsidiaries with controlling interests through equity acquisition, capital injection, and the formation of new wholly owned company or joint ventures, etc.

- Kunlun Energy (Qinghai) Company Limited

  Established in June 2010, the Company holds 100% equity interest. It is mainly engaged in LNG production and natural gas end users sale business in Qinghai and Tibet regions.

- Kunlun Energy (Shandong) Company Limited

  Established in June 2010, the Company holds 51% equity interest. It aims at developing the scope of LNG application as power fuel in the transportation industry and focusing on developing the market of Shandong region.

- Sichuan Chuangang Gas Co., Ltd ("**Chuangang**")

  In June 2010, the Company and Sichuan Petroleum Management Bureau ("**Sichuan Bureau**") jointly established Chuangang by injecting fund and assets of a total of RMB310.0 million. The Group holds 51% equity interest. With the support of the resources and market advantages from Sichuan Southwest Oilfield Company, the Company will strive hard to develop the natural gas market in Sichuan, Chongqing, Guizhou and the surrounding areas.

- PetroChina Tianjin Natural Gas Pipeline Company Limited ("**Tianjin Pipeline**")

  On 17 August 2010, the Company entered into a joint venture agreement with Tianjin Gas Group to establish Tianjin Pipeline which the Company holds 51% equity interest. The joint venture company will construct and operate five high-pressure natural gas pipelines and gas storage ancillaries, ensuring the stable natural gas supply in Tianjin. At the same time, the joint venture company will also engage in the development of downstream gas market of Tianjin and the surrounding areas.

- Cangzhou China Oil and Gas Limited ("**Cangzhou Gas**")

  On 26 August 2010, the Company entered into a joint venture agreement with China Gas Industries (Shenzhen) Limited and Hebei Bohai Investment Company Limited to establish Cangzhou Gas which the Company holds 51% equity interest, for the construction and operation of natural gas pipelines into the Bohai New District and natural gas sales business.

Capital injection

On 26 November 2010, the Company and Sichuan Bureau agreed to particularise the second stage capital injection. Sichuan Bureau has agreed to conduct the second stage non-cash assets injection in Chuangang in the total amount of RMB70.6 million. Chuangang is mainly engaged in the development, construction and operation of natural gas pipelines, the sale of city gas, the sale and manufacturing of the CNG, the sale of LNG, the sale of natural gas equipment, inspection, maintenance, investment management and leasing.

On 26 November 2010, the Company and Hebei Huayou Collective Assets Investment Management Centre ("**Hebei Huayou**") entered into the supplemental equity joint venture agreement, to increase the registered share capital of 河北華港燃氣有限公司 (Hebei Huagang Gas Company Limited*) ("**Hebei Huagang**") in proportion to their respective current shareholding percentage by way of (i) capital injection by the Company in the total amount of RMB408.0 million in RMB or equivalent amount of foreign exchange; and (ii) cash injection of RMB6.0 million and non-cash assets injection of the 100% of the equity interest in the Langfang Huayou Tiancheng Gas Sales Company Limited equivalent to RMB386.0 million by Hebei Huayou. Hebei Huagang is principally engaged in the supply and sale of piped natural gas, CNG, LNG, liquefied petroleum gas; operation of CNG filling stations for vehicles; sale of gas appliances and provision of ancillary services; construction of the facilities for the transmission of natural gas; and lease of related facilities in Hebei Province, the PRC.

Disposals

On 18 December 2009, the Group entered into a disposal agreement with PetroChina to dispose of its entire interest in the transmission of crude oil business at a consideration of approximately RMB584.8 million (approximately HK$663.7 million).

Pursuant to an agreement dated 15 January 2010, the Group disposed of its entire interest in a jointly controlled entity, Commonwealth Gobustan Limited ("CGL"), which had been fully provided for in prior years, at a consideration of US$9.5 million (approximately HK$73.9 million).

Pursuant to an agreement dated 14 May 2010, the Group disposed of its entire interest in a jointly controlled entity, Beijing Zhongyou Company Limited at a consideration of RMB5.6 million (approximately HK$6.3 million).

Employees of the Group

On 30 June 2010, the Group had approximately 5,789 staff (excluding the staff under entrustment contracts) globally. Remuneration package and benefits were determined in accordance with market terms, industry practice as well as the duties, performance, qualifications and experience of the staff. In addition, the Group set up a share option scheme, pursuant to which the directors and employees of the Company were granted options to subscribe shares of the Company.

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

The following discussion and analysis should be read in conjunction with the financial information of the Target Group for the three years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010 as set out in the Appendix III of this circular.

Overview

Business Operation

The principal business activities of the Target Company are transportation and supply of natural gas to urban natural gas operators through the Shaanxi-Beijing Pipelines.

No. 1 Shaanxi-Beijing Pipeline

No. 1 Shaanxi-Beijing Pipeline, which covers a total length of 910.5 km from Jingbian of Shaanxi in the west to Shijingshan of Beijing in the east, commenced operation in 1997. No. 1 Shaanxi-Beijing Pipeline transports natural gas to Beijing, Tianjin, Hebei, Shandong, Shaanxi and Shanxi provinces along the pipeline, with a designed annual transportation capacity of 3.0 billion m^3.

No. 2 Shaanxi-Beijing Pipeline

No. 2 Shaanxi-Beijing Pipeline, which covers a total length of 934.6 km from Jingbian of Shaanxi in the west to Caiyu of Beijing in the east, commenced operation in 2005. The target markets of the No. 2 Shaanxi-Beijing Pipeline include Beijing, Tianjin, Hebei, Shandong, Shaanxi and Shanxi provinces along the pipeline. The annual transportation capacity of the No. 2 Shaanxi-Beijing Pipeline has increased from 8 billion m^3 to 17 billion m^3 since its expansion in October 2009.

The No. 1 and No. 2 Shaanxi-Beijing Pipelines are significant to the gas transmission market in Beijing, Tianjin and Hebei. No. 1 and No. 2 Shaanxi-Beijing Pipelines are the only pipelines transmitting natural gas to Beijing and they also account for a major market share of natural gas transmission in Tianjin and Hebei. The Shaanxi-Beijing Pipelines hold a dominant position in the nationwide natural gas transmission market. As demand continues to increase, No. 1 and No. 2 Shaanxi-Beijing Pipelines are operating close to their full capacity. The Target Company has been expanding the planned transportation capacity of its

natural gas pipelines to cope with the growing market demand. In October 2009 when the expansion of No. 2 Shaanxi-Beijing Pipeline was completed and commenced operation, the total transportation capacity of the Target Company increased from 11 billion m^3 to approximately 20 billion m^3.

No. 3 Shaanxi-Beijing Pipeline

In 2009, the Target Company commenced the construction of the third Shaanxi-Beijing gas pipeline (the "No. 3 Shaanxi-Beijing Pipeline"). The No. 3 Shaanxi-Beijing Pipeline targets at provinces and cities such as Beijing, Tianjin, Hebei, Shandong and Liaoning and its first phase, which has a planned transportation capacity of 7 billion m^3 per year, commenced operation on 31 December 2010. The Yulin and Yangqu compressor stations in the No. 3 Shaanxi-Beijing Pipeline expansion project will commence operation at the end of 2011 and by then will increase the total transportation capacity of the No. 3 Shaanxi-Beijing Pipeline to 12 billion m^3 per year. The Linxian and Shijiazhuang compressor stations in No. 3 Shaanxi-Beijing Pipeline expansion project are expected to commence operation in 2014 and by then will increase the total transportation capacity of the No. 3 Shaanxi-Beijing Pipeline to 15 billion m^3 per year. Upon the commencement of the operation of the No. 3 Shaanxi-Beijing Pipeline Phase II project, the transportation capacity of the Target Company will increase to 35 billion m^3 per year.

The gas through the Shaanxi-Beijing Pipelines is mainly from the Ordos Basin and the Tarim Basin and the pipeline has connected these regions with abundant natural gas resources with the regions with strong demand for natural gas. Suppliers of natural gas from the gas fields in the Ordos Basin and the Tarim Basin include: 中國石油長慶油田公司 (PetroChina Changqing Oilfield Company*), 中國石油塔里木油田公司 (PetroChina Tarim Oilfield Company*), 中國石油青海油田公司 (PetroChina Qinghai Oilfield Company*) and 石油中亞天然氣管道有限公司 (PetroChina Central Asia Gas Pipelines Limited*), among which, 中國石油長慶油田公司 (PetroChina Changqing Oilfield Company*), 中國石油塔里木油田公司 (PetroChina Tarim Oilfield Company*) and 中國石油青海油田公司 (PetroChina Qinghai Oilfield Company*) are branch companies of PetroChina and 石油中亞天然氣管道有限公司 (PetroChina Central Asia Gas Pipelines Limited*) is a subsidiary controlled by PetroChina. The risk of relying PetroChina as the sole supplier is evaluated under the section headed "Risk Factors" of this circular. Upon full operation of Shaanxi-Beijing Pipelines, the natural gas transportation capacity to the northern PRC will significantly increase and a safe and stable gas supply can be secured.

Ancillary Facilities

With the gradual improvement of the ancillary facilities, the Target Company has developed an automatic high pressure gas transmission and distribution system with three lines, two gas tank groups and multiple gas sources.

Repair and Maintenance Requirements

The major facilities of the Shaanxi-Beijing Pipelines include long-distance pipelines as well as storage, compressor and station facilities. To maintain the facilities in good condition and ensure safe and stable gas transportation, the Target Company constantly strengthens the management of the pipelines, performs annual maintenance on the transportation facilities such as compressors, conducts repair operation and safety assessment on the underground gas tanks and performs hydraulic and routine maintenance on the gas pipelines.

National Network

A joint network with the West-East Natural Gas Transmission Pipeline has been built in the first station in Jingbian of Shaanxi-Beijing Pipelines and through the Hebei-Nanjing Connection Gas Pipeline and, rendering it to be an integral part of the natural gas pipeline network in the PRC. After establishing the joint network of natural gas pipelines, uninterrupted gas supply for the users can be achieved as the pipelines can complement each other in case of emergency. The overall flow of natural gas transportation is regulated by the PetroChina control center, which optimises the utilisation of resources and the operation of gas transportation. The Target Company is the sole service provider of natural gas transmission in Beijing and undertakes most of the natural gas transportation in Tianjin, Hebei, Shangdong, Shaanxi and Shanxi.

Transmission volume and prices

The principal business activity of the Company is natural gas pipeline transportation and the transmission fee received is its main business revenue and profit (after deducting the transportation costs and other charges). Sales are recognised when the natural gas is delivered to a target buyer (an urban gas supplier) and further delivered to the users. The pipeline transmission fee is settled twice a week with high-consumption users in Beijing and Tianjin and by way of advance payment for low-consumption users.

By type of user, the demand for natural gas is mainly derived from urban and industrial consumption and power generation. The following table summarises the volume of gas delivered by the Target Company to each target area for the three years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010:

Volume of gas delivered, by area (in 100 million m^3)	As at 31 December 2007	2008	2009	For the nine months ended 30 September 2010
Beijing	42.69	55.71	64.38	49.72
Tianjin	8.53	10.82	11.72	7.89
Shandong	7.19	11.88	14.89	14.81
Hebei	7.83	11.00	14.54	16.15
Others	22.4	32.63	38.4	35.28
Total	88.64	122.04	143.93	123.85

The prices charged by the Target Company for pipeline transportation are controlled by the NDRC. A certain price is assigned to each target area. There is no policy on the periodic price adjustment. If the NDRC reduces the price significantly, the profitability of the Target Company will be affected considerably. The average unit price per m^3 across various target areas has generally remained stable during the reporting period and has been around RMB0.41 since 2010. The calculation of the average unit price is based on the assigned price and the transmission volume of each area. The change of the average unit price is due to the change of the gas consumption volume and hence gas transmission volume in particular area. The following table summarises the price of each target area for three years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010:

Prices of pipeline transportation in area (RMB/m^3)	As at 31 December 2007	2008	2009	For the nine months ended 30 September 2010
Beijing	0.45	0.45	0.45	0.45
Tianjin	0.48	0.48	0.48	0.48
Shandong	0.40	0.40	0.40	0.40
Hebei	0.42	0.42	0.42	0.42

Strength and Weakness

The competitive advantages and strengths of the Target Company include a unique geographical coverage, support from its parent company which has a strong background in the industry and a solid and strong business operation.

Given the background of the favourable economic development trend of the PRC and as natural gas is highly regarded by the government as clean energy, the business of the Target Company has marked advantages over other energy sources, e.g. solar power and wind power. The opportunity lies on the fact that the PRC government pushes for the use of natural gas, which will increase the demand for natural gas and in turn will constantly increase the revenue of the Target Company. PetroChina has considered the natural gas business as one of the focuses of business development and attached great importance to the development of the natural gas pipeline business. The future upstream gas sources of the Target Company are secured by the endowments of PetroChina in the Ordos Basin and the Tarim Basin. The Company believes that endowments of PetroChina will continue after the Acquisition as long as the Target Company remains part of the CNPC Group. On this basis, the Board is of the view that there is no risk in relation to such reliance on PetroChina. The end-users are mainly in areas with better economic development and strong market demand such as Beijing and the northern PRC. With the later operation of the No. 3 Shaanxi-Beijing Pipeline, the transportation capacity of natural gas will also continue to increase.

The natural gas industry is heavily regulated by the PRC government and under the planning of the PRC government. The areas covered by other pipelines are different from the coverage of the Shaanxi-Beijing Pipelines operated by the Target Company and thus no direct competition with other pipelines is encountered. The development plan of the Target Company for the time being is mainly about the No. 3 Shaanxi-Beijing Pipeline currently under construction, which encompasses the Phase I project (which has already commenced operation) and the Phase II project.

Challenge comes with the fact that the planning of the natural gas industry is subject to the decision of the PRC government and the Target Company's plan will be subject to the state policies.

Potential competition of the Target Company comes from any possible substitution by other energy sources such as coal gas. However, the processing cost of coal gas is high and not competitive at present and coal gas can only serve as a complement to natural gas and does not constitute a substantial threat. The Target Company also faces a number of challenges in operation, which mainly include the requirement of a timely planning to meet the rapid growth in demand and balance of the seasonal fluctuation of natural gas demand.

To cater for the increasing demand, the Target Company is actively involved in building the No. 3 Shaanxi-Beijing Pipeline and is planning to launch the Phrase II project in the coming three years on top of the completed Phase I project, during which more compressor stations will be built to expand the transmission capacity. To cope with the seasonal fluctuation in demand for natural gas, the Target Company is also actively involved in building gas storage facilities, such as the underground gas storage in Dagang, to regulate gas supply to meet demand and to ensure stable gas supply during the peak season of winter.

Internal Control and Risk Management

The Target Company has been committed to actively building its internal control system and enhancing risk control capability. An effective internal control system covering major areas of business management was established in accordance with the unified deployment of PetroChina. It has enhanced the management system, issued the internal control management guidebook which promoted systematic, procedural and standardised business management of the Target Company. The Target Company issued the first edition of its internal control management guidebook on 1 January 2006. Since then, a new edition is prepared, reviewed and issued in November of each year in accordance with the general requirement of the joint stock company and with reference to the yearly development, operation and testing of the internal control system in practice. The updated guidebook is effective on 1 January of the following year.

The risk-preventing ability of the Target Company has been enhanced. The Target Company conducts risk assessment on both business and corporate levels, and identifies significant risks and general risks. Measures on risk control and management are formulated against the significant risks and general risks identified on the business level. The relevant departments of the Target Company are strictly required to implement such control measures and to monitor their implementation on a regular or need basis. Regarding the significant risks identified on the corporate level, cost of risk management is assessed and relevant risk management strategies and solutions are developed.

Business process management was developed by business segment for full optimisation of control and standardisation of business management, so as to ensure effective operation of the system and enhance supervision of internal control and execution. The self-testing procedures were refined with a comprehensive self-test. Testing by the PetroChina management and external audit on internal control were also conducted to ensure effective operation of the internal control system. Risk assessment on company level which was developed to focus on risks in special areas and level of risk management was enhanced to prevent major risks effectively.

The general meetings and the meetings of the board of directors and supervisory committee of the Target Company have been held in accordance with the articles of association of the joint venture. The general meetings, board meetings and supervisory committee meetings are held once a year to make important decisions on production and operation and infrastructure investment. The Target Company has 16 departments for various functions, five gas transmission points and one repair centre.

Since the operation of the Shaanxi-Beijing Pipelines, the Target Company has adhered to safe production and infrastructure construction and always gives first priority to safety and environmental protection to ensure safe and stable gas supply. It has also increased investment in safety, strengthened the maintenance of pipeline and equipment and facilities, improved the safety of the existing facilities and enhanced transmission capacity of pipelines, so as to ensure safe and stable gas supply.

The Target Company has integrated the management factors of quality, health, safety and environment in 2001 and established the Quality, Health, Safety and Environment ("QHSE") management system. It has also obtained the certification of the CNPC Health, Safety and Environment ("HSE") certificate centre and the national CCS Certification and insisted on obtaining the certification yearly. The QHSE system of the Target Company is in line with the relevant requirements of Q/SY1002 and GB/T19001.

After years of continued improvement, the QHSE management system of the Target Company basically covered all areas of production and is able to direct all daily production works effectively to ensure safe production of the Target Company. The QHSE management system of CNPC's Beijing Gas Pipeline Co., Ltd. is formulated based on the national requirements of "Quality Control System Requirements" (GB/T 19001-2008), "Environment Control System Requirements and Guidelines" (GB/T 24001-2004), "Occupational Health and Safety Management System: Standards" (GB/T 28001-2001) and "QHSE Management System: Standards" (SY/T 1002.1-2007). The "Management Guidebook" of the QHSE management system was issued on 18 August 2001 and became operational in September 2001. The current 2nd edition of the "Management Guidebook" has gone through four revisions in June 2002, March 2004, February 2005 and May 2006, a further revision in December 2007 and amendments in May 2009 and May 2010, and the procedural documents and operational documents of the QHSE management system have also been revised. The Target Company has fully implemented a safety and environmental responsible system through the establishment of a sound QHSE management system and pipeline integrity management, strengthened risk assessment and control and improved the emergency management system, so as to ensure the safety of gas supply in areas such as Beijing and Tianjin.

Meanwhile, the Target Company has developed a contingency plan to analyze and classify possible incidents and formulated emergency measures for different incidents.

In each year, the Target Company conducts checks for proper management system and equipment safety through internal audits, production safety inspections and various types of specific checks. Specific project is conducted to address or rectify any identified safety hazards and the progress is monitored regularly. These help to ensure that equipment is safe and sound. The Target Company equipment safety measures in a number of aspects are implemented, including the management and inspections over the pipelines, station equipment and facilities and anti-corrosive measures on pipes and equipment/facilities at drilling sites. Preventive measures are implemented to ensure that equipment is safe and sound. Despite that no deficiency is found in the current system and equipment, there have been upgrading and routine maintenance projects. The Target Company has been spending approximately 0.75% of its sales revenue on the improvement of safety.

The Company contemplates that it will continue adopting the existing internal control system which has been deployed by PetroChina to manage the business and meet the regulatory requirements.

In relation to regulatory requirements e.g. the pipeline planning and construction requirements, safe operation requirements, inspection and monitoring requirements, environmental impact assessment requirements, the Target Company has obtained the necessary approvals from the supervising authorities such as NDRC before commencing construction and for the time being, is not aware of any non-compliance with the regulatory requirements.

Staff Insurance

The Target Company has provided its staff with pension, medical insurance, injury insurance, unemployment insurance, maternity insurance and housing fund.

Management

Huang Weihe is the Chairman of the Target Company whereas Li Yongcheng is the Vice Chairman. Other directors include Zhang Yu, Li Wei, Chen Fanghong, Jia Yimin, Zhao Zhongxun, Gong Xuemei, Chen Xinguo and Li Yalan. The senior management of the Target Company comprises Zhang Yu, Li Wei, Gong Xuemei, Jiang Wei and Han Zhongchen. The brief biographies of the directors and members of the senior management are set out as follows:

Huang Weihe, male, aged 53, is the Chairman of the Target Group, the general engineer of PetroChina and the general manager of PetroChina Natural Gas and Pipeline Branch Company. He holds a PhD and is a professor-level senior engineer, Mr. Huang possesses over 25 years' experience in the petroleum and natural gas industry in the PRC. He has held a number of positions at the China Petroleum Pipeline Bureau, from being the dean of the bureau's exploration and design institute to the deputy director and the general engineer of the bureau. He has also been appointed as the general manager of both the PetroChina West-East Natural Gas Transmission Pipeline Branch Company and PetroChina Natural Gas and Pipeline Branch Company.

Li Yongcheng, male, aged 49, is the Vice Chairman of the Target Group, and concurrently the vice president of the Beijing Enterprises Holdings and the vice chairman of the board and general manager of Beijing Gas Group Co., Ltd. Mr. Li is a senior engineer, graduated from Wuhan University of Science and Technology with a master's degree in environmental engineering. He obtained a master's degree (EMBA) at Guanghua School of Management of Peking University. He also studied gas purification technology in Germany. Mr. Li has extensive management experience in piped gas business. He was the former director of Beijing Coking Plant, the chairman of the board of Tangshan Jiahua Coal Chemical Co., Ltd, the chairman of the board of the Beiran Xinyuan Investment Company Limited and the general manager of the Jinggang Gas Company Limited.

Chen Fanghong, female, aged 59, is a director of the Target Group. She is also the director of the capital operation department of CNPC and PetroChina. Ms. Chen graduated with a degree in industrial enterprises management from Tianjin Open University and is a senior economist. She was the former chief of the general division and the development

division of the planning department of PetroChina and a deputy general economist of the planning department of PetroChina. She has also been appointed as a director of the corporations in which PetroChina is directly or indirectly interested.

Jia Yimin, male, aged 50, is a director of the Target Group. He is concurrently the chief of the budget management office of both CNPC and PetroChina. Mr. Jia graduated from Tianjin University with a degree in management engineering. He holds a master degree and is a senior accountant. He has been appointed as the deputy chief of the capital management office of the finance bureau of the CNPC and subsequently the chief of the capital management office, accounting office and budgeting office respectively. Mr. Jia has also been a deputy general manager of the finance department of PetroChina.

Zhang Yu, male, aged 53, is a director and the general manager of the Target Group. Mr. Zhang is a senior engineer who graduated with a degree from Huabei Petroleum Vocational University and obtained his master degree in business administration for executives from Peking University. He was the former deputy manager of the first phase of the Shaanxi-Beijing project department and the operation department of Beijing Natural Gas Gathering and Transmission Company and has been appointed as the chief of the Beijing Natural Gas Gathering and Transmission Company's gas storage office and manager of the gas storage project. Mr. Zhang has also been the assistant of the general manager of Beijing Huayou Natural Gas Company Limited, the manager of the managing department of the No.2 Shaanxi-Beijing Pipeline project and the deputy general manger of the Target Company.

Li Wei, female, aged 56, is a director and deputy general manager of the Target Group. She is a senior politics advisor. Ms. Li graduated from the Peking University, where she studied philosophy and administration and obtained a master degree. She has been appointed as the party committee deputy secretary of the West-East Natural Gas Transmission Pipeline Branch Company and the secretary of the West-East Natural Gas Transmission Pipeline Branch Company's discipline and inspection committee and the chairlady of the labour union.

Chen Xinguo, male, is the director the Target Group and the deputy general manager of the Beijing Gas Group Co., Ltd. Mr. Chen, a senior economist holding PhD in economics, graduated from Renmin University of China majoring in national economic management. He has been appointed as a deputy director of the long-term planning and production policy department of the Beijing City Planning Committee and the deputy director of the development planning department of the Beijing City Development Planning Committee. Mr. Chen was a former deputy manager of the investment division of the Jingtai Industries Group Limited and has been the deputy manager and the manager of the strategic development division of the Beijing Enterprises Group Company Limited.

Li Yalan, female, aged 47, is the director the Target Group and the deputy general manager and the general engineer of the Beijing Gas Group Co., Ltd. She is a professor-level senior engineer, having graduated from Renmin University of China with a bachelor and master degree in business administration. She has studied in gas corporations in France and was a member of the first batch of the fuel gas expert team of the Ministry of

Construction. She was the former deputy chief of the planning division of the Beijing Municipality Public Utilities Bureau and has been appointed as the manager of the planning and development division of the Beijing Gas Group Co., Ltd.

Gong Xuemei, female, aged 60, is a director and deputy general manager of the Target Group. She is a senior engineer, having graduated from the Beijing Iron and Steel Institute where she majored in metal materials and thermal treatment. She was the former director of the Beijing Fuel Gas Appliance Factory and has been appointed as the deputy factory director and committee member and the deputy general manager of the equipment plant of Beijing Thermal Power Company.

Zhao Zhongxun, male, aged 46, is a director of the Target Group and also the deputy head of the planning department of PetroChina. He graduated from the Management and Engineering Faculty of University of Petroleum (East China) with a bachelor degree in industrial management engineering and received an EMBA degree from the University of Texas at Arlington. He is also a senior economist. He was the deputy director of the import and export office of the planning department, the division director of the first planning division, and the deputy director of the planning department of CNPC Group, responsible for the planning and management of natural gas and pipeline business. Also, Mr. Zhao was a team member and office manager of the construction leading team of central Asia and West-to-East pipeline II of CNPC Group, a team member and office manager of the leading team of Sino-Burma oil and gas project and the office manager of the leading team of Sino-Russian oil and gas cooperation project.

Jiang Wei, male, aged 56, is the chief accountant of the Target Group. He is an accountant with a degree in statistics from the Northeast University of Finance and Economics. He was appointed as officer-in-charge and the chief of the financial planning division of the managing department of the West-East Natural Gas Transmission Project.

Han Zhongchen, male, aged 53, is the deputy general manager of the Target Group. He is a senior engineer, having graduated from the Pipelines Bureau's Vocational Training College with a degree in route engineering. He has been appointed as the manager and the party committee secretary of the PetroChina Pipeline Branch Company's Urumqi Oil and Gas Transmission Branch Company. He has been a manager and deputy party committee secretary of the Lanzhon Oil and Gas Branch Company. Mr. Han was also the former deputy general engineer of the PetroChina Pipeline Branch Company.

The Company intends that the existing management of the Target Group will remain after the Acquisition. The existing management of the Target Group are experienced in the natural gas transmission business. The Company will manage the Target Group through the expertise of the existing management of the Target Group. The operating efficiency of the Target Group will be maintained.

Prospect of the Target Group

Natural gas is a clean, green and prime energy. The cost of generating a thermal unit by natural gas is lower than that of the traditional resources such as coal and crude oil. Therefore, exploration and utilisation of natural gas has been a general trend for the global energy industry.

With the continuous economic development of China and the increasing eco-awareness of the government, there is an increasing number of middle and large cities shifting to natural gas as a source of clean energy. According to the BP Statistical Review of World Energy published in June 2010, the natural gas consumption of China amounted to 88.7 billion m^3 in 2009, following the rapid growth in recent years; and the compound annual growth rate of consumption has risen to 15.4% since 2000. In 2009, there were 85.2 billion m^3 of natural gas produced in China and the compound annual growth rate of production has risen to 13.5% since 2000, which is lower than the growth rate of consumption. Therefore, a shortfall exists between the supply and demand of natural gas in China. According to the estimation of Business Monitor International, the shortfall will be increasing in the next five years and will reach 37 billion m^3 in 2014.

In order to satisfy the rapidly growing demand for natural gas in the Bohai Rim area, the Target Company accelerates the construction of natural gas pipeline and underground gas storage.

The Target Company has enhanced the management in production process, organised the production and operation and enhanced the safety, stability and reliability of gas supply to guarantee meeting the gas demand of the residents in major cities, the public utilities and the major industrial customers as well as the consumption by downstream power plants e.g. constructing Dagang underground gas storage. The Dagang underground gas storage of the Target Company is playing an important role in securing the gas supply, especially in winter when there is a great demand, as it helps modulating exploitation of the upstream resources and the demand of downstream market. Besides, the Dagang underground gas storage is able to switch its injection in a timely manner in case of the failure of the Shaanxi-Beijing Pipelines and provide the imminently needed gas while the Shaanxi-Beijing Pipelines are undergoing repair.

Gas storages include 大張坨地下儲氣庫 (Dazhangtuo Underground Gas Storage*), 板876地下儲氣庫 (Ban 876 Underground Gas Storage*), 板中北地下儲氣庫 (Ban Mid-northern Underground Gas Storage*), 板中南地下儲氣庫 (Ban Mid-southern Underground Gas Storage*), 板808地下儲氣庫 (Ban 808 Underground Gas Storage*), and 828地下儲氣庫 (828 Underground Gas Storage*). These six storage tanks combine to form the underground gas storage complex in Dagang, which has gas storage of 3.03 billion cubic metres, a daily peak adjustment capacity of 34 million cubic metres and a daily gas injection capacity of 13.5 million cubic metres. At present, it is capable of supplying 1.7 billion cubic metres for seasonal peak adjustment and is an integral part of gas transmission and distribution system of the Shaanxi-Beijing Pipelines.

The major means of transportation of natural gas are pipeline transportation, vehicular transportation and sea transportation. Among the various means of transportation of natural gas, pipeline transportation has the obvious advantages of large transportation volume, fewer wastages in transportation, less leakage of fuel gas as well as liquid and solid wastes (which is beneficial for environmental and ecological protection), all-weather uninterrupted transportation, relatively high level of safety and relatively low energy consumption. The demand of natural gas is especially strong in the northern China and the Bohai Rim area due to geographical and climate reasons. To satisfy the rapidly growing demand, the Target Group has been expanding its pipeline network.

According to the valuation report prepared by Beijing China Enterprise Appraisals Co., the gas supplied by No. 2 and No. 3 Shaanxi-Beijing Pipelines was sourced from Central Asia and Changqing natural gas area in the initial period. Later, it was sourced from Tarim Basin and Changqing natural gas area with supplementary source from second phase of Central Asia natural gas area. The annual gas production of Tarim Basin and Changqing natural gas area will reach 64 billion m^3 with 59.9 billion m^3 of commodity gas in 2015 and its annual gas production will further grow to 72 billion m^3 with 67.4 billion m^3 commodity gas, guaranteeing the source of gas for the No. 3 Shaanxi-Beijing Pipeline. Currently, the gas transmitted through West-East Gas Transmission Pipeline is mainly sourced from Tarim Basin gas field and Central Asia natural gas area.

With the increasing demand for gas in Beijing City and surrounding region and the gradually enhanced ancillary facilities, PetroChina Beijing Gas Pipeline Co., Ltd has currently owned three main pipelines with a various-sourced gas transmission and distribution system as ancillary facility to the pipelines, which is the first long-distance, automatic high pressure gas transmission and distribution system in China comprising of a long pipeline and compressor station for transmitting gas and underground storage for stable gas supply. The system has connected to and become part of the network with the West-East Gas Transmission Pipeline and become a major component of the national natural gas pipeline network. It is essential for the gas supply of Beijing. China maintains a promising economic development, and natural gas, being a clean energy, has become a main focus of the state. PetroChina regards natural gas business as a major development segment and pays attention to the natural gas pipeline business development. Therefore, the Target Group has marked advantages. In future, the upstream gas transmission capacity will increase due to the expansion project of No. 3 Shaanxi-Beijing Pipeline. According to the data from CEIC, there is a strong end-user demand.

Since the completion of construction and the operation commencement of the Shaanxi-Beijing Gas Pipelines, the Target Group has been undertaking safety production and infrastructure construction, placing safety and environmental protection as top priority as well as securing safety and stable gas supply. Through establishing comprehensive QHSE management system, PetroChina Beijing Gas Pipeline Co., Ltd fully implements safety and environmental protection accountability system to manage the pipelines, enhance risk assessment and control, and optimise the emergency management system so as to secure the safety gas supply in Beijing and Tianjin.

Selected consolidated financial information of the Target Group

The summary of the financial information of the Target Group represents the financial information for the three years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010:

Selected items of consolidated statements of financial position

	As at 31 December			As at 30 September
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	13,307,366	15,646,051	19,525,300	22,217,693
Total liabilities	5,694,336	6,067,847	8,207,657	10,592,632
Equity	7,613,030	9,578,204	11,317,643	11,625,061

Selected items of consolidated income statements

	Year ended 31 December			Nine months ended 30 September	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,897,392	5,333,600	6,147,541	4,165,022	5,079,875
Profit before income tax expense	1,689,010	2,838,632	3,307,996	2,301,559	2,463,806
Profit for the year/ period	1,114,926	2,113,224	2,480,439	1,725,610	1,856,123

Selected items of consolidated statements of cash flows

	Year ended 31 December			Nine months ended 30 September	
	2007	2008	2009	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash inflows from operating activities	3,003,613	2,671,618	5,253,696	1,894,632	2,630,704
Cash outflows from investing activities	(2,160,791)	(2,763,767)	(5,762,412)	(2,711,970)	(3,008,483)
Cash (outflows)/ inflows from financing activities	(850,798)	97,844	511,115	835,195	410,115
Increase/(decrease) in cash and cash equivalents	(7,976)	5,695	2,399	17,857	32,336

Profitability of the Target Group

Consolidated income statement summary

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3,897,392	5,333,600	6,147,541	4,165,022	5,079,875
Increase/(decrease)		1,436,208	813,941		914,853
Percentage change		36.9%	15.3%		22.0%
Other (losses)/gains, net	(7,969)	1,389	1,626	2,019	221
Increase/(decrease)		9,358	237		(1,798)
Percentage change		117.4%	17.1%		(89.1)%
Interest income	8,653	8,236	26,687	21,660	4,308
(Increase)/decrease		(417)	18,451		(17,352)
Percentage change		(4.8)%	224.0%		(80.1)%
Purchases, services and others	555,420	680,640	844,736	492,752	865,391
(Increase)/decrease		125,220	164,096		372,639
Percentage change		22.5%	24.1%		75.6%
Employee compensation costs	82,435	106,193	131,913	66,179	83,160
(Increase)/decrease		23,758	25,720		16,981
Percentage change		28.8%	24.2%		25.7%
Depreciation and amortisation	1,115,669	1,176,517	1,332,073	952,248	1,211,135
(Increase)/decrease		60,848	155,556		258,887
Percentage change		5.5%	13.2%		27.2%
Selling, general and administrative expenses	74,781	127,548	144,430	106,600	129,693
(Increase)/decrease		52,767	16,882		23,093
Percentage change		70.6%	13.2%		21.7%
Taxes other than income tax	127,583	174,323	201,151	134,698	166,577
(Increase)/decrease		46,740	26,828		31,879
Percentage change		36.6%	15.4%		23.7%
Other (expenses)/income	(10,428)	1,231	–	–	–
Increase/(decrease)		11,659	(1,231)	–	–
Percentage change		111.8%	100.0%		–
Interest expenses	242,750	240,603	213,555	134,665	164,642
(Increase)/decrease		(2,147)	(27,048)		29,977
Percentage change		(0.9)%	(11.2)%		22.3%
Profit before income tax expense	1,689,010	2,838,632	3,307,996	2,301,559	2,463,806
Increase/(decrease)		1,149,622	469,364		162,247
Percentage change		68.1%	16.5%		7.0%
Income tax expense	574,084	725,408	827,557	575,949	607,683
(Increase)/decrease		151,324	102,149		31,734
Percentage change		26.4%	14.1%		5.5%
Profit for the year/period	1,114,926	2,113,224	2,480,439	1,725,610	1,856,123
Increase/(decrease)		998,298	367,215		130,513
Percentage change		89.5%	17.4%		7.6%

Revenue

The revenue of the Target Group in 2008 increased by 36.9% compared with 2007. It is mainly contributed to the increase in demand for natural gas, and the increase in the gas transmission volume, particularly in Beijing and Shandong province with the highest increase in demand.

The revenue of the Target Group in 2009 increased by 15.3% compared with 2008, mainly due to the increase in demand for natural gas, and the increase in gas transmission volume brought by the expansion of the No. 2 Shaanxi-Beijing Pipeline to an annual gas transmission capacity of 17 billion cubic meters from 8 billion cubic meters.

The revenue of the Target Group in the nine months ended 30 September 2010 increased by 22.0% compared with the same period in 2009, which is mainly due to the increase in demand for natural gas, and the increase in gas transmission volume brought by the increased gas transmission capacity of the No. 2 Shaanxi-Beijing Pipeline after expansion.

Purchases, services and others

The purchases, services and others mainly represent purchase costs for natural gas, power and fuel, repair and maintenance expenses, and other operating expenses.

In recent years, along with the increase in the volume of natural gas transmission each year, the cost of gas transmission has been increasing, particularly after the completion and the commencement of operation of the No. 2 Shaanxi-Beijing Pipeline transmission enhancement project by the end of October 2009, which was accompanied by a larger increase in power and fuel consumption.

The purchasing, service and others of the Target Group in 2008 increased by 22.5% compared with 2007. It is mainly due to the substantial increase in the cost of natural gas, power consumption, fuel consumption and gas transmission loss brought by the increased demand.

The purchasing, service and others of the Target Group in 2009 increased by 24.1% compared with 2008. It is mainly due to the substantial increase in power consumption, fuel consumption and gas transmission loss brought by the increased demand, and the commencement of operation of the newly established compressor station of the No. 2 Shaanxi-Beijing Pipeline.

The purchasing, service and others of the Target Group in the nine months ended 30 September 2010 increased by 75.6% compared with RMB492.8 million of the same period in 2009. The purchases, service and others recorded a significant increase. The extent of such increase was greater than the increase of revenue. The increase in purchases, service and others was due to the increase in power consumption (193.9%) and the increase and gas transmission loss (63.0%). The consumption of electricity and

power increased because of the addition of 11 electric compressor units as the result of the transmission enhancement project for No. 2 Shaanxi-Beijing Pipeline. The increase in gas transmission loss was because of the increased gas transmission volume and gas injection volume over the same period in 2009. The Company considered that such increased gas transmission loss was within a reasonable range.

Employee compensation costs

The employee compensation costs of the Target Group in 2008 increased by 28.8% compared with 2007. It is mainly due to the increase in the total amount of payroll and the additional expenses of the employees, and the increase in the hiring of corporate management staff and maintenance and emergency repair staff after the commencement of operation of the No. 2 Shaanxi-Beijing Pipeline.

The employee compensation costs of the Target Group in 2009 increased by 24.2% compared with 2008. It is mainly due to the increase in the hiring of operational and maintenance staff for the commencement of operation of the Yongtangqin gas transmission pipeline.

The employee compensation costs of the Target Group in the nine months ended 30 September 2010 increased by 25.7% compared with the same period in 2009. It is mainly due to the increase in the hiring of operational and maintenance staff for the commencement of operation of the No. 2 Shaanxi-Beijing Pipeline transmission enhancement project and Northern China gas storage project.

Depreciation and amortisation

The depreciation and amortisation of the Target Group in 2008 increased by 5.5% as compared to 2007. It is mainly due to the growth in capital expenditure.

The depreciation and amortisation of the Target Group in 2009 increased by 13.2% compared with 2008. It is mainly due to the increase in the capital expenditure.

The depreciation and amortisation of the Target Group in the nine months ended 30 September 2010 increased by 27.2% compared with the same period in 2009. It is mainly due to the increase in the capital expenditure. The projects mainly are: the No.2 Shaanxi-Beijing Pipeline transmission enhancement project which commenced operation in June 2009, resulting in capitalisation of RMB2.98 billion. Other transmission enhancement projects which commenced operation in January and July 2010, resulted in capitalisation of RMB480 million and RMB680 million respectively.

Selling, general and administrative expenses

The sales, general and administrative expenses of the Target Group mainly comprised of the agency fee paid to the natural gas sales and marketing companies of PetroChina, with a current agency fee of approximately RMB0.01 per cubic meter.

The selling, general and administrative expenses of the Target Group in 2008 increased by 70.6% compared with 2007. It is mainly due to the increase in the payment of the agency fee to the sales and marketing companies of PetroChina, in which from 1 January 2008 onwards, the fee has been adjusted from RMB 0.0053/ cubic meter to RMB0.01/cubic meter.

The selling, general and administrative expenses of the Target Group in 2009 increased by 13.2% compared to RMB127.5 million in 2008, which was basically in line with the growth in income. It is mainly due to the increase in the volume of gas transmission and agency fee brought by the increased demand and the commencement of operation of the No. 2 Shaanxi-Beijing Pipeline transmission enhancement project in 2009.

The selling, general and administrative expenses of the Target Group in the nine months ended 30 September 2010 increased by 21.7% compared with the same period in 2009, which was basically in line with the growth in revenue. It is mainly due to the increase in the volume of gas transmission brought by the increased demand, and the commencement of operation of the No. 2 Shaanxi-Beijing Pipeline transmission enhancement project in 2009. In addition, the Company has made provision for production safety during the period.

Other (losses)/gains, net

The other gains of the Target Group in 2008 increased substantially by RMB9.4 million as compared with the net loss in 2007. It is mainly due to the net loss accrued in the disposal of property, plant and equipment and other items in 2007, and net gain accrued in the disposal of property, plant and equipment and other items in 2008.

The other gains of the Target Group in 2009 increased by 17.1% compared with 2008. It is mainly due to net exchange rate gain and the substantial increase in other items.

The other gains of the Target Group in the nine months ended 30 September 2010 decreased substantially by 89.1% compared with the same period in 2009. It is mainly due to the net exchange rate loss and the substantial decrease in other items.

Interest income

The interest income of the Target Group is derived from amounts due from related parties and bank deposits.

The interest income of the Target Group in 2008 decreased by 4.8% compared with 2007, which was mainly due to the decrease in both amounts due from related parties and bank deposits.

The interest income of the Target Group in 2009 increased by 224.0% compared with 2008, which was mainly due to the increase in construction expenses which in turn created an increase in amounts due from related parties in 2009.

The interest income of the Target Group in the nine months ended 30 September 2010 decreased by 80.1% compared with the same period in 2009, which was mainly due to the decrease in amounts due from related parties.

Taxes other than income tax

Taxes other than income tax of the Target Group in 2008 increased by 36.6% compared with 2007, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

Taxes other than income tax of the Target Group in 2009 increased by 15.4% compared with 2008, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

Taxes other than income tax of the Target Group in the nine months ended 30 September 2010 increased by 23.7% compared with the same period in 2009, which was mainly due to the increase in the volume of natural gas transmission which in turn increased the revenue of core business.

Interest expenses

Interest expenses of the Target Group decreased by 0.9% in 2008 compared with 2007. This was mainly due to loans maturing and capitalisation of interest arising from new loans.

Interest expenses of the Target Group decreased by 11.2% in 2009 compared with 2008. This was mainly due to the high proportion of loan interests being capitalised.

Interest expenses of the Target Group increased by 22.3% in the nine months ended 30 September 2010 compared with the same period in 2009. This was mainly due to the increase in short-term loans and long-term loans.

Income tax expense

Income tax expense of the Target Group increased by 26.4% in 2008 compared with 2007 but the increase was less than the increase of profit before income tax expense. This was mainly due to the decrease of applicable corporate income tax rate from 33% in 2007 to 25% in 2008.

Income tax expense of the Target Group increased by 14.1% in 2009 compared with 2008, and the increase was basically in line with that of profit before income tax expense.

Income tax expense of the Target Group increased by 5.5% in the nine months ended 30 September 2010 compared with the same period in 2009, and the increase was basically in line with that of profit before income tax expense.

Profit for the year/period

Profit for the year of the Target Group in 2008 increased by 89.5% compared with 2007. This was mainly due to the revenue growth driven by the growth in demand, the increase of net other gains and other income, and the decrease in income tax expense resulted from the lowering of applicable corporate income tax rate.

Profit for the year of the Target Group in 2009 increased by 17.4% compared with 2008, and the increase was basically in line with that of profit before tax. This was mainly due to the growth in demand, the revenue growth driven by the increase in transmission by No. 2 Shaanxi-Beijing Pipeline, increase in interest income, increase in net other gain and decrease in interest expense.

Profit for the period of the Target Group in the nine months ended 30 September 2010 increased by 7.6% compared with the same period in 2009, and the increase was basically in line with that of profit before income tax expense. This was mainly due to the growth in demand and the revenue growth driven by the increase in transmission by No. 2 Shaanxi-Beijing Pipeline. The commencement of operation of the No. 2 Shaanxi-Beijing Pipeline transmission enhancement project has led to an increase in gas transmission capacity of the No. 2 Shaanxi-Beijing Pipeline, from 8 billion cubic meter/year to 17 billion cubic meter/year. The actual gas transmission volume in 2010 has thus increased by 4 billion cubic meters approximately. As the unit price of gas transmission remains stable, it has directly contributed to an increase in revenue.

Liquidity and Financial Resources of the Target Group

Cash flows from operating activities

The cash inflows from operating activities of the Target Group in 2008 decreased by RMB332 million (i.e. 11.05%) compared with 2007, which was mainly due to the increase in the amounts due from related parties, which comprised internal deposits.

The cash inflows from operating activities of the Target Group in 2009 increased by RMB2,582.1 million (i.e. 96.6%) compared with 2008, which was mainly due to the decrease in net working capital investment and the increase in profit for the year.

The cash inflows from operating activities of the Target Group in the nine months ended 30 September 2010 increased by RMB736.1 million (i.e. 38.9%) compared with the same period in 2009, which was mainly due to the decrease in net working capital investment and the increase in profit for the period. The decrease in short-term liabilities was mainly because of the payment for the construction of No. 3 Shaanxi-Beijing Pipeline.

Cash flows from investing activities

The cash outflows from investing activities of the Target Group in 2008 increased by RMB603 million (i.e. 27.9%) compared with 2007. This was mainly due to the increase in capital expenditure, primarily used in projects such as Yongtangqin pipeline, the transmission enhancement project for No. 2 Shaanxi-Beijing Pipeline and Jing 58 underground gas storages project.

The cash outflows from investing activities of the Target Group in 2009 increased by RMB2,998.6 million (i.e. 108.5%) compared with 2008, which was mainly due to the increase in capital expenditure. That comprised of the continued expenditures on projects such as Yongtangqin pipeline, the transmission enhancement project for No. 2 Shaanxi-Beijing Pipeline and Jing 58 underground gas storages project, and the expenses on the construction of No. 3 Shaanxi-Beijing Pipeline which was also commenced.

The cash outflows from investing activities flow of the Target Group in the nine months ended 30 September 2010 increased by RMB296.5 million (i.e. 10.93%) compared with the same period of 2009. This was mainly due to the increase in capital expenditure, primarily on No. 3 Shaanxi-Beijing Pipeline, Tangshan maintenance and emergency maintenance team and project changes. The capital expenditure on Tangshan maintenance and emergency maintenance team are mainly utilised on the rebuilding of composite office building and staff quarter, rebuilding of maintenance plant, rebuilding of material shed, carpark and canteen, and procurement of maintenance and emergency maintenance equipment. It was planned to invest RMB 20 million in 2010. Changes in the capital expenditure on projects mainly include: the capacity acceleration of Banzhongbei gas storage project, in which 3 infill wells were drilled and other ancillary ground valves were built at the Banzhongbei gas storage. It was planned to invest RMB 50 million in 2010; the expansion of the gas injection of the Dagang underground gas storage project, in which 5 gas injection and compressor units have been newly added. It was planned to invest RMB 100 million in 2010; the reconstruction for modification of No. 1 and No. 2 Shaanxi-Beijing stations, in which several stations have been reconstructed as gas distribution station to increase the pipeline gas supply capacity. It was planned to invest RMB 64.02 million in 2010.

Cash flows from financing activities

The Target Group has secured extra cash through capital contribution from shareholders as well as short-term and long-term borrowings. Except a small portion of bank loans, the majority of loans were granted by PetroChina or China Petroleum Finance Company Limited ("**CP Finance**"). CNPC Finance granted the Target Group short-term credit facility of RMB600.0 million in 2008, which was mainly used to support its working capital expenses.

The cash inflows from financing activities of the Target Group in 2008 was a net inflow while that in 2007 was a net outflow, with a difference of RMB948.6 million, which was mainly due to the decrease in repayment of loans.

The cash inflows from financing activities of the Target Group in 2009 increased by RMB413.3 million (i.e. 422.4%) compared with 2008. This was mainly due to the increase in new loans.

The cash inflows from financing activities of the Target Group in the nine months ended 30 September 2010 decreased by RMB425.1 million (i.e. 50.9%) compared with the same period in 2009. This was mainly due to the increase in dividend payments, decrease in new loans and increase in repayment of loans.

Cash and cash equivalents

As at 31 December 2007, 2008, 2009 and 30 September 2010, the cash and cash equivalents of the Target Group were approximately RMB15.4 million, RMB21.1 million, RMB23.5 million and RMB55.8 million respectively. Cash and cash equivalents were mainly held in RMB. The sufficient cash and cash equivalents reflect the Target Group's effective management of cash flow.

Working Capital

The breakdown of the working capital is as follows:

	As at 31 December			As at 30 September
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	271,913	967,684	260,643	840,850
Increase/(decrease)		695,771	(707,041)	
Percentage change		255.9%	(73.1%)	
Current liabilities	1,712,930	4,627,847	1,690,657	3,895,437
Increase/(decrease)		2,914,917	(2,937,190)	
Percentage change		170.2%	(63.5%)	
Working capital	(1,441,017)	(3,660,163)	(1,430,014)	(3,054,587)
Increase/(decrease)		(2,219,146)	2,230,149	

Note: Working capital is calculated as current assets less current liabilities.

Working capital of the Target Group decreased by RMB2,219.1 million in 2008 compared with 2007. This was primarily due to the increase in short-term borrowings.

Working capital of the Target Group increased by RMB2,230.1 million in 2009 compared with 2008. This was mainly due to the decrease in short-term borrowings.

Capital Structure of the Target Group

Financing and financial policies

The capital management objective of the Target Group is to maintain the ability to continue as a going concern, so as to provide return to shareholders and reduce capital cost. To achieve the capital management objective, the Target Group may increase capital, adjust liabilities level or take up a combination of short-term borrowings and long-term borrowings.

The Target Group monitors capitals based on gearing ratio, and gearing ratio is calculated by dividing the borrowings by the sum of equity and borrowings. As at 1 January 2007, 31 December 2007, 31 December 2008, 31 December 2009 and 30 September 2010, the gearing ratios were 44.0%, 36.7%, 34.1%, 36.7% and 38.3% respectively.

Borrowings

The loans of the Target Group are denominated in RMB. Except a small portion of bank loans, the majority of loans were granted by PetroChina or CP Finance. As at 31 December 2007, 2008, 2009 and 30 September 2010, the total amount of bank loans and other loans of the Target Group were approximately RMB4,418.4 million, RMB4,951.2 million, RMB6,548.2 million and RMB7,200.7 million respectively. The breakdown of the loans is as follows:

	As at 31 December			As at 30 September
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term borrowings	437,025	3,511,173	31,231	503,467
Long-term borrowings	3,981,406	1,440,000	6,517,000	6,697,195
Total borrowings	4,418,431	4,951,173	6,548,231	7,200,662

Details of borrowings are set out in Note 30 to the Financial Information under Appendix III of this circular.

Charges on the Assets of the Target Group

As at 31 December 2007, 2008, 2009 and 30 September 2010, the Target Group had no outstanding secured short-term or long-term borrowings.

Contingent Liabilities

As at 31 December 2007, 2008, 2009 and 30 September 2010, the Target Group did not have any reportable contingent liabilities.

Capital Expenditure and Investment of the Target Group

For the three years ended 31 December 2007, 2008, 2009 and the nine months ended 30 September 2010, the Target Group has completed a number of gas storages and transmission projects. The total capital expenditures of these projects were approximately RMB1,653.6 million, RMB2,927.5 million, RMB6,289.0 million and RMB3,245.8 million respectively. After completion of these projects, the annual gas transmission capacity of the Target Group has exceeded 20 billion cubic metres, which also enabled the Target Group to meet the growth in demand in the coming two years. Major items of capital expenditure are as follows:

	As at 31 December			As at 30 September
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Transmission enhancement project for No. 2 Shaanxi-Beijing Pipeline	26,220	110,809	1,805,703	85,209
Yongtangqin pipeline	27,798	2,345,801	609,758	24,113
No. 3 Shaanxi-Beijing Pipeline	–	–	3,149,430	2,982,074

The Company will assess and determine its investment plan with the management of the Target Company for the Target Group in 2011 after the Company has completed the acquisition of Relevant Equity Interest.

Capital Commitments

Please refer to the details of the capital commitments as set out in Note 31(c) to the Financial Information under Appendix III of this circular. As at 31 December 2007, 2008, 2009 and 30 September 2010, the Target Group's capital commitments in respect of property, plant and equipment contracted but not provided for was approximately RMB6,172.3 million, RMB12,808.2 million, RMB6,322.1 million and RMB3,340.0 million respectively. As at 30 September 2010, RMB3,340.0 million being majority of the capital commitment, was for the construction of No. 3 Shaanxi-Beijing Pipeline comprising of Phase I (relates to the construction of the pipelines) and Phase II (relates to construction of the compressor stations). The construction of Phase I of No.3 Shaanxi-Beijing Pipeline has been completed and commenced operation on 31 December 2010. The majority of such capital commitment was for the construction of Phase II of the No.3 Shaanxi-Beijing Pipeline for the coming 3 years. It is expected the construction of Phase II will be completed by 2014. Apart from the capital commitment for No.3 Shaanxi-Beijing Pipeline mentioned above, certain capital commitment was for the repair, maintenance and enhancement of the existing No.2 Shaanxi-Beijing Pipelines.

The Target Group would complete capital contribution through its retained profits, bank loans and additional capital injection by shareholders. As the first priority, retained profit is used for remaining investment capital. In case there is insufficient retained profit, remaining investment capital will be secured through bank loans.

Upon the completion of the acquisition of the Target Group, the Company will discuss with the existing shareholder of the Target Company, i.e. Beijing Enterprises Holdings, and the management of Target Group to consider the ways to fulfill the capital expenditure required for the operation of the Target Group, including the construction of the No.3 Shaanxi-Beijing Pipeline. The Company considers that both itself and Beijing Enterprises Holdings share the common commercial interest regarding the business of the Target Company. Beijing Enterprises Holdings has been cooperative since its acquisition of the 40% of equity interest in the Target Company. The Company does not see any major difficulty in reaching agreement with Beijing Enterprises Holdings in relation to the requisite capital expenditure.

Risk Factors

The Board has considered all the risk factors in relation to the business and operation of the Target Group as listed below and is of the view that such risks are relatively low and would not affect the Enlarged Group after the Acquisition. The Company will continue to adopt the ongoing control measures as implemented by the Target Group before the Acquisition and will identify other effective measures to minimize such risks.

Risk relating to safety

Due to the flammable and explosive nature of natural gas, the transmission of natural gas is a highly hazardous business. There can be no assurance that accidents or occurrences of public safety concerns or any industry-related accidents will not occur during our operations in the future. For example, an earthquake in any of the operating city of the Target Group may cause destruction of, or damage to, our pipelines and a leak of natural gas. Significant operational hazards and natural disasters may cause interruptions in operations of the Target Group that could have a material adverse impact on business and financial condition, as well as reputation of the Target Group.

The Target Group has implemented stringent measures to lower the risk of accidents associated with natural gas. Furthermore, the Target Group has undertaken property insurance covering all its assets (including properties and equipment) and third-party liability insurance and considers the coverage is sufficient to safeguard its assets.

Risk relating to seasonality

The Target Group's revenue is derived from transmission of natural gas operation. The demand for natural gas sales to residential, commercial and industrial users is seasonal. The Target Group's revenue and results of operations are therefore subject to

seasonality. According to the previous records of the Target Group, the transmission volume of the natural gas was particularly higher in winter. These patterns reflect the higher demand for natural gas for heating purposes during winter. In order to assure the stable and safe gas supply, the Target Group has accelerated the construction of the gas storage infrastructure, such that sufficient gas can be stored for the higher demand in winter. Currently, the construction of Daigang gas storage initial phase and northern China gas storage has been completed.

Risk relating to the reliance on the sole supplier

The Target Group has entered into natural gas transmission arrangement with PetroChina. If the Target Group is unable to obtain timely supply of natural gas from PetroChina, the Target Group may seek alternative suppliers for natural gas. There can be no assurance that the Target Group will be able to obtain natural gas from other suppliers on similar terms or without material interruption. The supply of natural gas to the end users may be affected. Failures to secure supply from other pipelined gas suppliers on time will materially and adversely affect the Target Group's results of operation, financial condition and reputation.

Risk relating to pricing

Natural gas transmission fees charged by the Target Group are subject to the relevant price control regulations of the PRC. According to the "Notice on gas transmission price adjustment" and the "Notice on increase of the ex-factory basis price on the domestic in land natural gas", the transmission fees are fixed by the NDRC. Should the NDRC adjust the transmission fees substantially, the profitability of the Target Group may be adversely affected. According to the previous records of the Target Group, the approved transmission fees of natural gas remained stable or experienced a small range of increase.

Risk relating to reliance on single market

The primary business of the Target Group is to transmit natural gas for the cities along the No. 1 and No. 2 Shaanxi-Beijing Pipelines. The Target Group derived most of its revenues from these cities. The Company contemplates that the Target Group will continue to rely on the same market after the Acquisition in the near future. In the event that there are any adverse changes in the economic or social conditions, taxation regime, or legal and regulatory requirements in these cities, the profitability of the Target Group would be adversely and materially affected.

Financial Risks

The activities of the Target Group are susceptible to various financial risks: market risks (including foreign exchange risks, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The overall risk management scheme of the Target Group is focused on the unpredictability of the financial market,

and seeks to minimise the potential adverse impact on the Target Group's financial performances. The Target Group does not utilise derivative financial instruments to hedge specific exposures.

The management of the Target Group carries out risk management in accordance with the policies approved by the Board. The management manages and monitors those exposures, so as to ensure the timely and effective implementation of appropriate measures. The abovementioned risks which the Target Group faces or its way of management and monitoring of those risks have remained unchanged.

Market Risk

(1) Foreign Exchange Rate Risk

The Target Group's business is mainly denominated in RMB. During the relevant period, the Target Group did not hold large amount of non-RMB denominated monetary balance. During the relevant period, the Target Group did not use hedging contracts of large amount to hedge the foreign exchange rate risks. However, the management closely monitored the relevant foreign exchange risk exposures, and would consider hedging material foreign exchange risk exposures if necessary.

(2) Cash Flow and Fair Value Interest Rate Risk

The fair value interest rate risks which the Target Group is susceptible to arise mainly from fixed rate borrowings. Since the Target Group does not have material assets or liabilities with interests at floating rate other than bank deposit balances and amounts due from related parties, at present, the Target Group does not face significant cash flow interest rate risk. The Target Group has not adopted any interest rate hedging policy at present, but the management would consider hedging material interest rate risk exposures if necessary.

Credit Risk

Since most of the bank deposits are placed in state-owned banks and financial institutions, the corresponding credit risks are relatively low. The Target Group has adopted control measures to assess the clients' credit qualities. The book value of cash and cash equivalents, accounts receivables and other accounts receivables included in the consolidated statement of financial position represent the greatest credit risks exposures which the Target Group faces. Other financial assets do not create material risk exposures. The Target Group has no significant concentration of credit risk.

Liquidity Risk

The liquidity risk management of the Target Group involves maintaining sufficient cash and cash equivalents, and can obtain capital support through sufficient general credit facilities. For details of the facilities, please refer to "Cash outflows from financing activities".

Other risks

The Company considers the risk in relation to the capital expenditure required for the project is low. The projects of the Target Group are treated as national key projects which require prior approval from NDRC. NDRC would take into the consideration of the project feasibility report which includes the estimated capital requirement of the projects and the assessment of the preliminary capital expenditure plan of the Target Group before granting the approval to the projects. The project and the capital structure of the Target Group have been fully assessed and approved by the NDRC.

The Company does not consider there is much risk in relation to the competition among the gas pipeline transmission service provider. The gas pipeline transmission business is highly regulated by the government. The Target Company is currently the major service provider in the target areas. Based on the existing information, the Board does not see any reason why the position of the Target Group will be changed in the near future. Furthermore, based on the existing information, the Board does not see any PRC regulation would affect its expansion to other new cities.

Regarding the existing arrangement among the Target Company, PetroChina and the natural gas buyers as described under the section headed "Continuing Connected Transactions arising from the Acquisition", the Company understands from the Target Company that there is no written agreement between the Target Company and the natural gas buyers in relation to the transmission of natural gas. In the event that the natural gas buyers fail to pay the transmission fee, there is a risk that the Target Company may not have contractual remedies against the natural gas buyers. However, the exposure of such risk to the Target Company is relatively low. Pursuant to National Gas Transmission Agreement. PetroChina is obliged to charge the natural gas users the transmission fees. Failure to charge would be deemed as a breach of the National Gas Transmission Agreement.

Given the geographic advantage of natural gas supply of PetroChina in the PRC, the Company understands that the risk that natural gas buyers will not continue to purchase the natural gas from PetroChina is relatively low. As long as the natural gas buyers would continue to purchase the natural gas from PetroChina, the Company believes that the arrangement for the transmission of natural gas through the pipelines of the Target Group would continue. Therefore, the Company considers that the risk of decrease of the market demand for transmission of natural gas through the Target Company's pipelines after the Acquisition is relatively low.

Despite there is a certain shortage of natural gas in the PRC as mentioned in the "Industry Overview" section of this circular, the Company does not consider there is any risk of shortage of natural gas for its business operation as its source gas fields of the Shaanxi-Beijing Pipelines are able to provide stable and sufficient gas supply for the transmission business of the Target Company. Accordingly, the Company considers the risk of shortage of natural gas supply is relatively low.

Employees of the Target Group

As at 30 September 2010, the Target Group has employed 184 contract staff and 355 short-term contract staff. The Target Group has adopted a proactive and effective salary system for the adjustment of the salary of its employees. There is no share option scheme at present. The Target Group provides sufficient trainings for its employees, which include compulsory trainings, safety training, production technique training as well as management training under the law of the People's Republic of China. The supporting activities of the relevant departments and the training and management works of the target group's human resources department have passed the internal audit and external audit of the QHSE system as well as the external audit of asset integrity management.

A. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

The following are the audited consolidated financial statements of the Company for the year ended 31 December 2009 together with comparative figures and relevant notes as extracted from the annual report of the Company for the year ended 31 December 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000 (Note 40)
Revenue	6	5,280,185	6,787,923
Other gains, net	7	34,592	205,634
Interest income	8	39,067	115,294
Purchases, services and others		(2,340,132)	(2,019,359)
Employee compensation costs	9	(368,323)	(336,253)
Exploration expenses, including exploratory dry holes		(31,766)	(43,705)
Depreciation, depletion and amortisation		(556,364)	(797,456)
Selling, general and administrative expenses		(508,517)	(832,402)
Taxes other than income tax	10	(130,573)	(424,874)
Other income/(expenses)		64,425	(112,886)
Interest expenses	11	(134,975)	(165,488)
Share of profits less losses of:			
– Associates		255,681	3,236,422
– Jointly controlled entities		251,646	161,518
Profit before income tax expense	12	1,854,946	5,774,368
Income tax expense	14	(391,484)	(1,093,867)
Profit for the year		1,463,462	4,680,501
Other comprehensive (loss)/income:			
Currency translation differences		(921,910)	154,471
Fair value gain/(loss) from available-for-sale financial assets		32,859	(81,028)
Other comprehensive (loss)/income, net of tax		(889,051)	73,443
Total comprehensive income for the year		574,411	4,753,944
Profit for the year attributable to:			
– Owners of the Company	15	1,203,948	3,385,208
– Non-controlling interest		259,514	1,295,293
		1,463,462	4,680,501

	Note	2009 HK$'000	2008 HK$'000 (Note 40)
Total comprehensive (loss)/income for the year attributable to:			
– Owners of the Company		705,311	3,395,933
– Non-controlling interest		(130,900)	1,358,011
		574,411	4,753,944
Earnings per share for profit attributable to owners of the Company	*16*		
– Basic (HK cents)		26.79	71.09
– Diluted (HK cents)		26.40	70.37
Dividend proposed after the date of the statement of financial position	*17*	345,557	666,118

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000 (Note 40)
Assets			
Non-current assets			
Property, plant and equipment	18	5,778,135	4,656,759
Advanced operating lease payments	19	106,962	73,659
Investments in jointly controlled entities	20	1,112,544	934,530
Investments in associates	21	5,231,412	5,164,024
Available-for-sale financial assets	22	105,468	56,081
Intangibles and other non-current assets	24	217,080	52,927
Deferred tax assets	34	78,598	89,769
		12,630,199	11,027,749
Current assets			
Inventories	25	43,574	35,822
Accounts receivable	26	242,530	157,073
Prepaid expenses and other current assets	27	449,341	252,349
Time deposits with maturities over three months	28	30,644	476,677
Cash and cash equivalents	28	7,376,882	4,751,176
		8,142,971	5,673,097
Assets held for sale	29	643,587	580,796
		8,786,558	6,253,893
Total assets		21,416,757	17,281,642
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	30	49,365	44,408
Retained earnings		10,879,639	10,419,989
Reserves	31	3,281,531	386,331
		14,210,535	10,850,728
Non-controlling interest		2,165,151	2,339,285
		16,375,686	13,190,013

	Note	2009 HK$'000	2008 HK$'000 (Note 40)
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	32	1,901,433	901,269
Income tax payable		83,354	43,331
Other tax payable		128,296	24,259
Short-term borrowings	33	163,319	1,248,323
		2,276,402	2,217,182
Non-current liabilities			
Long-term borrowings	33	1,793,401	1,022,248
Deferred tax liabilities	34	963,888	852,199
Other long-term obligations		7,380	–
		2,764,669	1,874,447
Total liabilities		5,041,071	4,091,629
Total equity and liabilities		21,416,757	17,281,642
Net current assets		6,510,156	4,036,711
Total assets less current liabilities		19,140,355	15,064,460

The accompanying notes are an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*18*	483	460
Investments in jointly controlled entities	*20*	321,070	281,076
Investments in associates	*21*	785,915	–
Investments in subsidiaries	*23*	1,417,966	156,035
Intangibles and other non-current assets	*24*	89,913	46,150
		2,615,347	483,721
Current assets			
Prepaid expenses and other current assets	*27*	4,098,701	4,141,988
Cash and cash equivalents	*28*	3,985,162	2,872,122
		8,083,863	7,014,110
Total assets		10,699,210	7,497,831
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	*30*	49,365	44,408
Retained earnings		6,341,899	6,888,414
Reserves	*31*	4,241,505	538,110
		10,632,769	7,470,932
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*32*	66,441	23,176
Non-current liabilities			
Deferred tax liabilities	*34*	–	3,723
Total liabilities		66,441	26,899
Total equity and liabilities		10,699,210	7,497,831
Net current assets		8,017,422	6,990,934
Total assets less current liabilities		10,632,769	7,474,655

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

		Attributable to owners of the Company					
	Note	Share capital HK$'000	Retained earnings HK$'000	Reserves HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balances at 31 December 2007		48,450	7,728,413	1,237,609	9,014,472	987,569	10,002,041
Business combinations under common control	*40*	–	(91,176)	222,666	131,490	616,930	748,420
Balances at 1 January 2008		48,450	7,637,237	1,460,275	9,145,962	1,604,499	10,750,461
Total comprehensive income for the year ended 31 December 2008		–	3,385,208	10,725	3,395,933	1,358,011	4,753,944
Transfer between reserves		–	(4,202)	4,202	–	–	–
Final dividend for 2007	*17*	–	(581,399)	–	(581,399)	–	(581,399)
Recognition of equity settled share-based payments	*31*	–	–	18,740	18,740	–	18,740
Issue of shares upon exercise of share options	*30, 31*	114	–	13,518	13,632	–	13,632
Repurchase of shares	*30*	(4,156)	–	(1,121,129)	(1,125,285)	–	(1,125,285)
Capital contributions by non-controlling interest		–	–	–	–	16,369	16,369
Dividends to former owners of the Natural Gas Projects		–	(16,855)	–	(16,855)	(20,303)	(37,158)
Dividends paid to non-controlling interest		–	–	–	–	(619,291)	(619,291)
Balances at 31 December 2008		44,408	10,419,989	386,331	10,850,728	2,339,285	13,190,013

		Attributable to owners of the Company					
	Note	Share capital HK$'000	Retained earnings HK$'000	Reserves HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balances at 31 December 2008		44,408	10,466,146	147,369	10,657,923	1,619,895	12,277,818
Business combinations under common controls	*40*	–	(46,157)	238,962	192,805	719,390	912,195
Balances at 1 January 2009		44,408	10,419,989	386,331	10,850,728	2,339,285	13,190,013
Total comprehensive income/ (expenses) for the year		–	1,203,948	(498,637)	705,311	(130,900)	574,411
Transfer between reserves		–	(75,444)	75,444	–	–	–
Final dividend for 2008	*17*	–	(668,854)	–	(668,854)	–	(668,854)
Recognition of equity settled share-based payments	*31*	–	–	14,123	14,123	–	14,123
Issue of shares upon placement	*30, 31*	4,500	–	3,717,000	3,721,500	–	3,721,500
Share issue expenses	*31*	–	–	(78,815)	(78,815)	–	(78,815)
Issue of shares upon exercise of share options	*30, 31*	457	–	51,087	51,544	–	51,544
Acquisition of the Natural Gas Projects		–	–	(379,049)	(379,049)	–	(379,049)
Dividends paid to non-controlling interest		–	–	–	–	(38,937)	(38,937)
Purchase of non-controlling interest in a subsidiary		–	–	(5,953)	(5,953)	(69,210)	(75,163)
Capital contributions from non-controlling interest		–	–	–	–	64,913	64,913
Balances at 31 December 2009		49,365	10,879,639	3,281,531	14,210,535	2,165,151	16,375,686

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities	35	1,544,071	2,516,617
Cash flows from investing activities			
Dividend received from associates		13,547	1,606,403
Dividend received from jointly controlled entities		94,264	79,386
Dividend received from available-for-sale financial assets		1,371	3,735
Acquisitions of subsidiaries and a plant engaging in LNG business		(491,270)	–
Acquisitions of associates		(704,097)	(24,171)
Capital contributions to jointly controlled entities		(39,994)	–
Acquisitions of available-for-sale financial assets		(13,046)	(8,012)
Prepayments for acquisition of a subsidiary		(89,161)	(45,398)
Purchase of non-controlling interest		(75,163)	–
Purchase of other non-current assets		–	(752)
Capital contributions to associates		(82,499)	–
Proceeds from disposal of available-for-sale financial assets		16,977	–
Proceeds from disposal of property, plant and equipment		167,040	68,055
Receipt in advance on disposal of assets held for sale		663,747	–
Capital expenditure		(1,554,438)	(1,231,533)
Interest received		39,067	115,294
Decrease in deposits with maturities more than three months		446,033	151,384
Net cash (used in)/generated from investing activities		(1,607,622)	714,391
Cash flows from financing activities			
Capital contributions from non-controlling interest		64,913	16,369
Dividend paid to owners of the Company		(668,854)	(581,399)
Dividends paid to non-controlling interest		(38,937)	(619,291)
Dividend paid to former owner of natural gas projects		–	(37,158)
Increase in other long-term obligations		7,380	–
Issue of shares, net of share issue expenses		3,694,229	13,632
Repurchase of shares		–	(1,125,285)
Increase in borrowings		1,819,175	867,900
Repayments of borrowings		(2,133,025)	(594,923)
Interest paid		(69,014)	(325,122)
Net cash generated from/(used in) financing activities		2,675,867	(2,385,277)

	Note	2009 HK$'000	2008 HK$'000
Increase in cash and cash equivalents		2,612,316	845,731
Cash and cash equivalents at 1 January		4,751,176	3,791,476
Effect of foreign exchange rate changes		13,390	113,969
Cash and cash equivalents at 31 December	*28*	7,376,882	4,751,176

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Kunlun Energy Company Limited (Formerly known as CNPC (Hong Kong) Limited) (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is China National Petroleum Corporation ("CNPC") which is a company established in the People's Republic of China (the "PRC"). The immediate holding company of the Company is Sun World Limited ("Sun World"), which is a company incorporated in the British Virgin Islands. On 27 August 2008, PetroChina Company Limited ("PetroChina"), a subsidiary of CNPC, entered into a sale and purchase agreement with CNPC to acquire 100% equity interest in Sun World. On 18 December 2008, the transaction was completed. Since then, PetroChina became an intermediate holding company of the Company. As at 31 December 2009, PetroChina indirectly owned 50.92% equity interest in the Company.

The address of the Company's principal office and registered office are Room 3907-3910, 39/F, 118 Connaught Road West, Hong Kong and Clarendon House, Church Street, Hamilton HM11, Bermuda, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries, associates and jointly controlled entities are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan ("Kazakhstan"), the Sultanate of Oman ("Oman"), Peru, the Kingdom of Thailand ("Thailand"), the Azerbaijan Republic ("Azerbaijan") and the Republic of Indonesia ("Indonesia"), and the sale of natural gas and transmission of natural gas in the PRC.

The oil operations in the PRC and Azerbaijan are conducted through production sharing arrangements with PetroChina and a third party, whereby the Group is entitled to a fixed percentage of assets, liabilities, income and expenses in accordance with the respective oil production sharing contracts entered into with PetroChina and the third party.

The Group currently has three production sharing arrangements in the PRC and Azerbaijan. On 1 July 1996, the Group entered into an oil production sharing contract (the "Xinjiang Contract") to develop and produce crude oil in Xinjiang Uygur Autonomous Region, the PRC. On 30 December 1997, the Group entered into another oil production sharing contract (the "Leng Jiapu Contract") to develop and produce crude oil in Liaohe, Lioaning Province, the PRC. In 2002, the Group acquired the third production sharing arrangement ("K&K Contract") to develop and produce crude oil in Azerbaijan. Further details in relation to these contracts and the Group's share of results and net assets in these arrangements are shown in Note 37.

These consolidated financial statements have been approved for issue by the Company's Board of Directors on 25 March 2010.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

A subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries except for the business combination under common control. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group in the consolidated financial statements.

For purposes of the presentation of the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

A listing of the Group's principal subsidiaries is set out in Note 43.

(b) Investments in associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements of the Group and are initially recognised at cost. Under this method of accounting the Group's share of the post-acquisition profits or losses of associates is recognised in the consolidated income statement and its share of post-acquisition movements in reserves is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

For purpose of the presentation of the Company's statement of financial position, investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

A listing of the Group's principal associates is shown in Note 44.

(c) Investments in jointly controlled entities

Jointly controlled entities are those entities over which the Group has contractual arrangements to jointly share control with one or more parties. The Group's investments in jointly controlled entities are accounted for using the equity method of accounting (Note 3(b)) in the consolidated financial statements.

For purpose of the presentation of the Company's statement of financial position, investments in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividend received and receivable.

A listing of the Group's principal jointly controlled entities is shown in Note 45.

(d) Accounting for production sharing contracts

Production sharing contracts constitute jointly controlled operations. The Group's interests in production sharing contracts are accounted for in the consolidated financial statements on the following bases:

(i) the assets that the Group controls and the liabilities that the Group incurs; and

(ii) the share of expenses that the Group incurs and its share of income from the production according to the terms stipulated in these contracts.

(e) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interest as transactions with equity participants of the Group. Gains and losses resulting from the disposals to non-controlling interest are recorded in equity. The differences between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired, resulting from the purchase from non-controlling interest, are recorded in equity.

(f) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's presentation currency. The Company's functional currency is US dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "interest expenses". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains, net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designed as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(g) Property, plant and equipment

Property, plant and equipment, including oil and gas properties (Note 3(h)), are recorded at cost less accumulated depreciation, depletion and amortisation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into existing use.

Depreciation, to write off the cost of each asset, other than oil and gas properties (Note 3(h)), to their residual values over their estimated useful lives is calculated using the straight-line method.

The Group uses the following useful lives for depreciation purposes:

Buildings	40 years or over the remaining period of respective leases whichever is the shorter
Equipment and machinery	4-30 years
Motor vehicles	4-14 years
Others	5-12 years

No depreciation is provided for construction in progress until they are completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property, plant and equipment, including oil and gas properties (Note 3(h)), are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of a cash generating unit exceeds the higher of its fair value less costs to sell and its value in use, which is the estimated net present value of future cash flows to be derived from the cash generating unit.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

Interest and other costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Costs for planned major maintenance activities are expensed as incurred except for costs of components that result in improvements or betterments which are capitalised as part of property, plant and equipment and depreciated over their useful lives. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

(h) Oil and gas properties

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalised as construction in progress pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

Exploratory wells in areas not requiring major capital expenditure are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review (Note 3(g)).

For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes. The Group does not have any significant costs of unproved properties capitalised in oil and gas properties.

The Ministry of Land and Resources in China issues production licenses to applicants on the basis of the reserve reports approved by relevant authorities.

The cost of oil and gas properties is amortised at the field level based on the unit of production method. Unit of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of the Group's production licenses. The Group's oil and gas reserves estimates include only crude oil and condensate and natural gas which management believes can be reasonably produced within the current terms of these production licenses.

(i) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate and jointly controlled entity at the date of acquisition Goodwill on acquisitions of subsidiaries is included in 'intangible assets' whereas goodwill on acquisitions of associates and jointly controlled entities is included in the investments in associates and jointly controlled entities respectively, and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment test. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Other intangible assets

Expenditure on acquired patents, trademarks, technical know-how and licenses are capitalised at historical cost and amortised using straight line method over their estimated useful lives, generally less than 10 years. Intangible assets are not subsequently revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss indicate that the carrying amount of an asset exceeds its recoverable amount and is recognised in the consolidated income statement. The recoverable amount is measured as the higher of fair value less costs to sell and value in use which is the estimated net present value of future cash flows to be derived from the assets.

(j) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group has only loans and receivables and available-for-sale financial assets. The detailed accounting policies for loans and receivables and available-for-sale financial assets held by the Group are set out below.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. The Group's loans and receivables comprise accounts receivable, other deposits and cash and cash equivalents in the statement of financial position. The recognition methods for loans and receivables are disclosed in the respective policy notes.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories; these are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. The Group's available-for-sale financial assets primarily comprise quoted equity instruments.

Regular purchases and sales of available-for-sale financial assets are recognised on settlement date, the date that the asset is delivered to or by the Group (the effective acquisition or sale date). Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred out substantially all risks and rewards of ownership in the investment. Available-for-sale financial assets are measured at fair value except where there are no quoted market prices in active markets and the fair values cannot be reliably measured using valuation techniques. Available-for-sale financial assets that do not have quoted market prices in active markets and whose fair value cannot be reliably measured are carried at cost. The Group assesses at each statement of financial position date whether there is objective evidence that an available-for-sale financial asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the available-for-sale financial asset and the present value of the estimated cash flows.

(k) Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. The Group has no significant finance leases. Leases of assets under which a significant portion of the risks and benefits of ownership are effectively retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are expensed on a straight-line basis over the lease terms.

(l) Related parties

Related parties include CNPC and its subsidiaries (together, the "CNPC Group"), other state-controlled enterprises and their subsidiaries directly or indirectly controlled by the PRC Government, corporations in which the Company is able to control, jointly control or exercise significant influence, key management personnel of the Company and CNPC and their close family members.

Transactions with related parties do not include those with providers of public utilities (including electricity, telecommunications and postal services) and government departments and agencies which are conducted in the ordinary course of business at arm's length market prices.

(m) Inventories

Inventories include crude oil and marina club debentures and wet berths held for sale which are stated at the lower of cost and net realisable value. Cost of crude oil is primarily determined by the weighted average cost method, comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(n) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision made for impairment of these receivables. Such provision for impairment of accounts receivable is established if there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables. The factors the Group considers when assessing whether an account receivable is impaired include but not limited to significant financial difficulties of the customer, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held with banks and highly liquid investments with original maturities of three months or less from the time of purchase.

(p) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowing costs should be recognised as an expense in the period in which they are incurred except for the portion eligible for capitalisation as part of qualifying property, plant and equipment.

Borrowings are classified as current liabilities unless the Group has unconditional rights to defer settlements of the liabilities for at least 12 months after the statement of financial position date.

(r) Income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group, associates and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(s) Impairment of investments in subsidiaries, associate and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(t) Revenue recognition

Sales are recognised upon delivery of products and customer acceptance or performance of services, net of sales taxes and discounts. Revenue is recognised only when the Group has transferred to the buyers significant risks and rewards of ownership of the goods in the ordinary course of the Group's activities, and when the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

(u) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(v) Retirement benefit plans

The Group contributes to various employee retirement benefit plans organised by PRC municipal and provincial governments under which it is required to make monthly contributions to these plans at prescribed rates for its employees in the PRC. The relevant PRC municipal and provincial governments undertake to assume the retirement benefit obligations of existing and future retired employees of the Group in the PRC. The Group has similar retirement benefit plans for its employees in its overseas operations. Contributions to these PRC and overseas plans are charged to expense as incurred.

The Group currently has no additional material obligations outstanding for the payment of retirement and other post retirement benefits of employees in the PRC or overseas other than the monthly contributions described above.

(w) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(x) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the owners of the Company after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(y) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount to be recovered principally through a sale transaction rather than through continuing use.

(z) New accounting developments

(i) New and amended standards adopted by the Group

The Group adopted the following relevant new and amended HKFRSs as of 1 January 2009:

HKFRS 7 "Financial instruments – Disclosures" (Amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The amendment did not have a material impact on the disclosures in the consolidated financial statements.

HKFRS 8 "Operating segments" – effective 1 January 2009. HKFRS 8 replaces HKAS 14 "Segment reporting". It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes (Note 39).

HKAS 1 (Revised) "Presentation of financial statements" – effective 1 January 2009. The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners and the related current and deferred tax impacts be presented separately from non-owner changes in equity. Recognised income and expenses shall be presented in a single statement (a statement of comprehensive income) or in two statements (a statement of profit and loss and a statement of comprehensive income), separately from owner changes in equity.

The Group has elected to present recognised income and expenses in a single statement of comprehensive income and these consolidated financial statements have been prepared under the revised disclosure requirements.

HKAS 19 (Amendment) "Employee benefits" – effective 1 January 2009. The amendment clarifies that the distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The amendment did not have any significant impact on the consolidated financial statements.

HKAS 23 (Amendment) "Borrowing costs" – effective 1 January 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The amendment did not have any impact on the consolidated financial statements as the Group did not incur borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset throughout the year.

HKAS 24 (Revised) "Related party disclosures" – effective 1 January 2011. The revised standard exempts disclosures in relation to related party transactions and outstanding balances, including commitments, with a government that has control, joint control or significant influence over the reporting entity and another entity that is related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. The Group has elected to early adopt the partial exemption in paragraphs of the revised standard for government-related entities from 1 January 2009.

HKAS 28 (Amendment) "Investments in associates" – effective 1 January 2009. The amendment requires an investment in an associate be treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the

investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The amendment did not have any significant impact on the consolidated financial statements.

HKAS 36 (Amendment) "Impairment of assets" – effective 1 January 2009. The amendment requires that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The amendment did not have any significant impact on the consolidated financial statements.

HKAS 38 (Amendment) "Intangible assets" – effective 1 January 2009. The amendment requires a prepayment only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The amendment did not have any significant impact on the consolidated financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following relevant HKFRSs, amendments to existing HKFRSs and interpretation of HKFRS have been published and are mandatory for accounting periods beginning on or after 1 January 2010 or later periods and have not been early adopted by the Group:

HKFRS 2 (Amendments) "Group cash-settled share-based payment transactions" – effective 1 January 2010. In addition to incorporating HK(IFIRC)-Int 8 "Scope of HKFRS 2" and HK(IFRIC)-int 11 "HKFRS 2 – Group and treasury share transactions", the amendments expand on the guidance in HK(IFIRC)-int 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the consolidated financial statements.

HKFRS 3 (Revised) "Business combinations" – effective 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group is currently evaluating the impact of the revised standard on the consolidated financial statements. The Group will apply the revised standard prospectively to all business combinations from 1 January 2010.

HKFRS 5 (Amendment) "Non-current assets held for sale and discontinued operations" – effective 1 July 2009. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The Group is currently evaluating the impact of the amendment on the consolidated financial statements but it is not expected to have any significant impact.

HKFRS 5 (Amendment) "Measurement of non-current assets (or disposal groups) classified as held-for-sale" – effective 1 January 2010. The amendment is part of the HKICPA's annual improvements project published in April 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group is currently evaluating the impact of the amendment on the disclosures in the consolidated financial statements but it is not expected to have any significant impact.

HKFRS 9 "Financial instruments" – effective 1 January 2013. This standard is the first part of a project to replace HKAS 39. It addresses the classification and measurement of financial assets. The Group will apply HKFRS 9 from 1 January 2013.

HKAS 1 (Amendment) "Presentation of financial statements" – effective 1 January 2010. The amendment is part of the HKICPA's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issuance of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group is currently evaluating the impact of the amendment on the consolidated financial statements but it is not expected to have any significant impact.

HKAS 27 (Revised) "Consolidated and separate financial statements" – effective 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. HKAS 27 (Revised) also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply the revised standard prospectively to transactions with non-controlling interests from 1 January 2010.

HKAS 32 (Amendment) "Classification of right issues" – effective 1 February 2011. It clarifies that rights issues are equity instruments when they are denominated in a currency other than the issuer's functional currency and are issued pro-rata to an entity's existing shareholders for a fixed amount of currency. The Group will apply HKAS 32 (Amendment) from 1 January 2011.

HKAS 38 (Amendment) "Intangible assets" – effective 1 January 2010. The amendment is part of the HKICPA's annual improvements project published in April 2009 and the Group will apply HKAS 38 (Amendment) from the date HKFRS 3 (Revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group is currently evaluating the impact of the amendment on the consolidated financial statements but it is not expected to have any significant impact.

HK(IFRIC)-Int 14 (Amendments) "Prepayments of a minimum funding requirement" – effective 1 January 2011. These amendments require an entity to recognise an asset for a prepayment that will reduce future minimum funding contributions required by the entity. The Group will apply HK(IFRIC)-Int 14 (amendments) from 1 January 2011.

HK(IFRIC)-Int 17 "Distribution of non-cash assets to owners" – effective 1 July 2009. The interpretation is part of the HKICPA's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group is currently evaluating the impact of the interpretation on the consolidated financial statements but it is not expected to have any significant impact.

HK(IFRIC)-Int 19 "Extinguishing financial liabilities with equity instruments" – effective 1 April 2010. It provides guidance on the application of HKAS 39 and HKAS 32 when an entity issues its own equity instruments to extinguish all or part of a financial liability. The Group will apply HK(IFRIC)-Int 19 from 1 January 2011.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the management of the Company under policies approved by the Board of Directors. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the Group's exposure to the risks mentioned above or the manner in which it manages and measures the risks.

(a) Market risk

- *Foreign exchange rate risk*

The Group conducts its business primarily in US dollar and Renminbi. Renminbi is not a freely convertible currency and is regulated by the PRC Government. Limitation in foreign exchange transactions imposed by the PRC Government could cause future exchange rates to vary significantly from current or historical exchange rates.

Entities within the Group also exposes to foreign exchange rate risk in relation to monetary balances which are denominated in a currency that is not the entity's functional currency. As at 31 December 2009 and 2008, except for bank balances amounting to HK$4,121,607,000 (2008: HK$29,656,000), there are no significant monetary balances held by the Group that are denominated in a non-functional currency.

The Group did not enter into material hedge contracts during any of the years presented to hedge against its foreign exchange rate risk. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2009, if US dollar had weakened/strengthened by 5% against Renminbi, which is the functional currency of the Group's operating entities in the PRC, with all other variables held constant, profit for the year would have been HK$174,487,000 (2008: HK$156,725,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated current accounts within the Group.

- *Cash flow and fair value interest rate risk*

The Group's exposure to fair value interest rate risk is mainly attributable to borrowings at fixed interest rates. The fair value of borrowings at fixed interest rates are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The Group is also exposed to cash flow interest rate risk which is mainly attributable to the variable rate bank balances and deposits, loans to jointly controlled entities and borrowings at floating interest rates. The Group's cash flow interest rate is mainly concentrated on the fluctuation of London Interbank Offered Rate ("LIBOR") and the saving interest rates set by the financial institutions.

The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arises.

At 31 December 2009, if interest rates on bank balances and deposits, loan to a jointly controlled entity and borrowings at floating interest rates had been 50 base-point higher/lower with all other variables held constant, post-tax profit for the year would have been HK$26,179,000 (2008: HK$16,072,000) higher/lower, mainly as a result of higher/lower interest income on floating rate bank balances and deposits, loan to a jointly controlled entity and borrowings at floating interest rates.

- *Price risk*

The Group is engaged in a wide range of petroleum-related activities. Prices of crude oil and petroleum products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts to the Group. The Group historically has not used commodity derivative instruments to hedge against potential price fluctuations of crude oil or petroleum products and therefore the Group is exposed to general price fluctuations of crude oil and petroleum products.

The Group is also exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

At 31 December 2009, if the prices of the respective available-for-sale financial assets had been 10% higher/lower with all other variables held constant, the Group's equity would have been HK$8,232,000 (2008: HK$3,898,000) higher/lower, mainly as a result of higher/lower fair value of available-for-sale financial assets.

(b) Credit risk

Credit risk arises primarily from cash and cash equivalents, accounts receivable, other receivables and bank deposits. As the majority of cash at bank and time deposits are placed with state-owned banks and financial institutions, the corresponding credit risk is relatively low. The Group has controls in place to assess the credit quality of its customers. The carrying amounts of cash and cash equivalents, accounts receivable, other receivables and bank deposits included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

(c) Liquidity risk

The Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

As at 31 December 2009 and 2008, the Group's and the Company's contractual obligations mature within one year except for long-term borrowings. The table below analyses the Group's borrowings, into relevant maturity groups based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2009	2008
	HK$'000	*HK$'000*
Less than 1 year	280,412	1,360,264
Between 1 and 2 years	503,632	107,761
Between 2 and 5 years	1,356,685	764,194
Over 5 years	208,417	432,271
	2,349,146	2,664,490

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so as to provide returns for owners and to reduce its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as borrowings divided by the sum of total equity and total borrowings. The gearing ratio at 31 December 2009 is 10.68% (2008: 14.69%).

4.3 Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Group at 31 December 2009 and 2008 are disclosed in the respective accounting policies.

The carrying amounts of the following financial assets and financial liabilities approximate their fair values as all of them are short-term in nature: cash and cash equivalents, bank deposits with maturities over three months, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities and short-term borrowings. The fair values of fixed rate long-term borrowings are likely to be different from their respective carrying amounts. Analysis of the fair values and carrying amounts of long-term borrowings are presented in Note 33.

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009.

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale financial assets	82,321	–	23,147	105,468

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

(a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the Group's consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. As at 1 January 2009, management has revised the Group's proved developed reserve estimates with reference to the latest professional valuers resulting in an increase in profit for the year ended 31 December 2009 amounting to approximately HK$247,421,000.

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management

estimates and judgements such as future prices of crude oil. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years, whereas unfavourable changes may cause the assets to become impaired.

(c) Provisions

Management judgement is required in assessing the quantum of provisions at each statement of financial position date, which are made based on an estimation of historical and anticipated claims, the merits of the claims against the Group, its associates and/or jointly controlled entities, and the existence of any obligation under the terms of relevant agreements with the counter parties.

The basis of estimation is reviewed on an on-going basis and revised where appropriate. Changing the assumptions selected by management to determine the level, if any, of provisions, could affect the present value of the expenditure expected to be required to settle the obligation and as a result affect the Group's financial position and results of operations.

(d) Income tax

The Group is subject to income tax in numerous jurisdictions where new and revised tax laws and regulations are issued from time to time and some of which may take effect on a retrospective basis and may subject to further interpretation and guidance. Significant judgement is required in determining the worldwide provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due taking into account the existing tax legislations and past practice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6 REVENUE AND TURNOVER

Turnover represents revenue from the sale of crude oil and natural gas, and from the transportation of crude oil. Analysis of revenue by segment is shown in Note 39.

7 OTHER GAINS, NET

	2009	2008
	HK$'000	*HK$'000*
Net exchange gains	14,580	174,516
Rental income	2,584	4,607
Dividend income from available-for-sale financial assets	1,371	3,735
Government grants related to reinvestment of profits generated from oil production sharing contracts *(Note)*	–	9,544
Others	16,057	13,232
	34,592	205,634

Note: The PRC Government offered government grants to the subsidiaries established outside the PRC for the Leng Jiapu Contract and the Xinjiang Contract. Such government grants were endorsed by the relevant tax bureau for the qualification of these grants. It is recognised at their fair value where there is a reasonable assurance that the grant will be received.

8 INTEREST INCOME

	2009	2008
	HK$'000	*HK$'000*
Interest income on:		
– Bank deposits	39,067	111,677
– Loans to jointly controlled entities	–	3,617
	39,067	115,294

9 EMPLOYEE COMPENSATION COSTS

	2009	2008
	HK$'000	*HK$'000*
Salaries, wages and allowances	332,839	293,708
Retirement benefits scheme contributions	21,361	23,805
Share-based payment expenses *(Note 31)*	14,123	18,740
	368,323	336,253

10 TAXES OTHER THAN INCOME TAX

Taxes other than income tax for the year ended 31 December 2009 include HK$105,067,000 (2008: HK$405,967,000) special levies which were paid or payable on the portion of income realised from the sales of domestically-produced crude oil at prices above certain level.

11 INTEREST EXPENSES

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
Bank loans, wholly repayable within five years	22,240	76,153
Loans other than bank loans, wholly repayable within five years, from:		
– Fellow subsidiaries	26,805	–
– Non-controlling interest of subsidiaries	8,739	12,144
Loans other than bank loans, not wholly repayable within five years, from:		
– A fellow subsidiary	77,191	32,163
– Immediate holding company	–	45,028
	134,975	165,488

12 PROFIT BEFORE INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax expense is arrived at after (crediting) and charging the following items:		
Amortisation on advanced operating lease payments, intangibles and other non-current assets	3,337	2,647
Auditor's remuneration	6,592	5,315
Cost of inventories recognised as expense	3,227,521	3,612,595
Depreciation on property, plant and equipment	553,027	794,809
(Reversal of provision)/provision for loans to and amounts due from jointly controlled entities *(Note 29)*	(70,083)	112,886
Operating lease expenses	12,646	10,137
Repairs and maintenance	71,726	130,336
Loss on disposal of property, plant and equipment	9,123	6,608

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of the emoluments of directors for the years ended 31 December 2009 and 2008 are as follows:

	2009					2008
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share option benefit expenses	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr Li Hualin	1,750	2,030	–	3,505	7,285	11,584
Mr Zhang Bowen	–	4,305	375	2,629	7,309	9,063
Mr Wang Mingcai *(Note)*	–	–	–	–	–	6,449
Mr Cheng Cheng	–	3,328	300	1,643	5,271	6,449
Dr Lau Wah Sum	450	–	–	–	450	450
Mr Li Kwok Sing Aubrey	300	–	–	–	300	300
Dr Liu Xiao Feng	250	–	–	–	250	250
	2,750	9,663	675	7,777	20,865	34,545

The five individuals whose emoluments were the highest in the Group for the year including three (2008: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2008: one) individual during the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
Salaries, wages and allowances	6,656	4,000
Retirement benefits scheme contributions	600	300
Share-based payment expenses	2,720	1,751
	9,976	6,051
The emoluments fell within the following bands:		
HK$4,500,001 to HK$5,000,000	2	–
HK$6,000,001 to HK$6,500,000	–	1

Note: Mr Wang Mingcai resigned as the director of the Company with effect from 1 January 2009.

14 INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax		
– PRC	180,048	309,846
– Overseas	92,033	492,066
	272,081	801,912
Deferred tax *(Note 34)*	119,403	291,955
	391,484	1,093,867

Hong Kong profits tax has not been provided for as the Group has no assessable profit for the year (2008: Nil).

The Group's subsidiaries in Mainland China are subject to corporate income tax of Mainland China at a statutory rate of 25% for the year ended 31 December 2009 (2008: 25%).

The Group's certain subsidiaries operating in certain regions in Mainland China are qualified for certain tax incentives in a form of reduced corporate income tax rate. For the year ended 31 December 2009, those subsidiaries enjoy preferential income tax rates ranging from 10% to 20% (2008: 10% to 20%).

Income tax on overseas (other than the PRC) profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

Included in overseas income tax expense is withholding tax of HK$2,573,000 (2008: HK$240,906,000) in respect of dividend received from an associate, CNPC-Aktobemunaigas Joint Stock Company ("Aktobe"), which is charged at 20% (2008: 15%).

There is no tax impact relating to components of other comprehensive income for the year ended 31 December 2009 (2008: Nil).

The tax on the Group's profit before income tax expense differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax expense	1,854,946	5,774,368
Tax calculated at a tax rate of 25% (2008: 25%)	463,737	1,443,592
Effect of the use of different tax rate in operations outside the PRC	26,191	(185,316)
Effect of preferential tax rate	(85,883)	(107,515)
Tax effect of income not subject to tax	(30,439)	(78,095)
Tax effect of expenses not deductible for tax purposes	23,508	69,183
Tax effect of share of profits less losses of associates	(42,187)	(533,273)
Tax effect of share of profits less losses of jointly controlled entities	(41,522)	(26,650)
Withholding tax on dividends received and receivable	73,796	511,941
Under provision in prior years	4,283	–
Tax charge	391,484	1,093,867

The domestic income tax rate used in the calculation above is the PRC tax rate which is the jurisdiction where the operations of the Group are substantially based.

15 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$122,339,000 (2008: HK$2,451,528,000).

16 BASIC AND DILUTED EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of approximately HK$1,203,948,000 (2008: HK$3,385,208,000) and weighted average number of ordinary shares in issue during the year of approximately 4,493,935,000 shares (2008: 4,761,936,000 shares).

(b) Diluted earnings per share is calculated based on the profit attributable to owners of the Company of approximately HK$1,203,948,000 (2008: HK$3,385,208,000), and the weighted average number of ordinary shares of approximately 4,560,515,000 shares (2008: 4,810,754,000 shares) which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of dilutive potential ordinary shares in respect of share options of approximately 66,580,000 shares (2008: 48,818,000 shares) deemed to be issued at no consideration if all outstanding share options granted had been exercised.

17 DIVIDEND ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	2009	**2008**
	HK$'000	*HK$'000*
Proposed final dividend attributable to owners of the Company for 2009 *(Note (a))*	345,557	–
Final dividend attributable to owners of the Company for 2008 *(Notes (b) and (c))*	–	666,118

Notes:

(a) At the meeting on 25 March 2010, the Board of Directors proposed final dividend attributable to owners of the Company in respect of 2009 of HK7 cents per share amounting to a total of HK$345,557,000. The amount is based on approximately 4,936,524,000 shares in issue as at 25 March 2010. These consolidated financial statements do not reflect this dividend payable as the final dividends were proposed after the date of the statement of financial position and will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2010 when approved at the forthcoming Annual General Meeting.

(b) Final dividend attributable to owners of the Company in respect of 2008 of HK15 cents per share amounting to a total of HK$666,118,000 were approved by the shareholders in the Annual General Meeting on 25 May 2009 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2009, and were paid on 1 June 2009. The amount is based on approximately 4,440,784,000 shares in issue as at 25 March 2009.

(c) The actual final dividend paid for 2008 was approximately HK$668,854,000 due to additional shares issued during the period from 22 March 2009 to 30 April 2009, the date of closure of the register of members.

(d) Final dividend attributable to owners of the Company in respect of 2007 of HK12 cents per share amounting to a total of HK$581,399,000 were approved by the shareholders in the Annual General Meeting on 26 May 2008 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2008, and were paid on 10 June 2008. The amount is based on approximately 4,844,994,000 shares in issue as at 11 April 2008.

18 PROPERTY, PLANT AND EQUIPMENT

	Group							Company
Year ended 31 December 2008	Buildings	Oil and gas properties	Equipment and machinery	Motor vehicles	Others	Construction in progress	Total	Others
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost								
Balances at 31 December 2007	64,428	7,115,677	139,286	35,474	216,015	28,705	7,599,585	4,275
Business combinations under common controls	116,366	236,196	1,557,240	202,509	43,692	130,719	2,286,722	–
Balances at 1 January 2008	180,794	7,351,873	1,696,526	237,983	259,707	159,424	9,886,307	4,275
Exchange differences	12,514	365,664	107,315	15,556	6,310	8,142	515,501	–
Additions	7,993	87,970	67,751	29,637	40,956	975,589	1,209,896	77
Transfers	–	1,005,140	(26,185)	–	(13,478)	(965,477)	–	–
Disposals	(1,587)	(2,667)	(29,111)	(3,550)	(56,513)	–	(93,428)	–
Reclassified to assets held for sale	(17,107)	–	(951,473)	(15,050)	–	(66,786)	(1,050,416)	–
Balances at 31 December 2008	182,607	8,807,980	864,823	264,576	236,982	110,892	10,467,860	4,352
Accumulated depletion, depreciation and impairment								
Balances at 31 December 2007	32,330	4,329,318	66,965	21,719	88,958	–	4,539,290	3,402
Business combinations under common controls	18,762	49,646	531,774	50,155	10,578	–	660,915	–
Balances at 1 January 2008	51,092	4,378,964	598,739	71,874	99,536	–	5,200,205	3,402
Exchange differences	4,897	244,358	40,142	4,842	15,869	–	310,108	–
Charge for the year	14,213	620,035	123,680	26,243	10,638	–	794,809	490
Disposals	(1,071)	(748)	(8,123)	(786)	(8,036)	–	(18,764)	–
Reclassified to assets held for sale	(6,204)	–	(464,261)	(4,792)	–	–	(475,257)	–
Balances at 31 December 2008	62,927	5,242,609	290,177	97,381	118,007	–	5,811,101	3,892
Net book value at 31 December 2008	119,680	3,565,371	574,646	167,195	118,975	110,892	4,656,759	460

Year ended 31 December 2009	Group							Company
	Buildings	Oil and gas properties	Equipment and machinery	Motor vehicles	Others	Construction in progress	Total	Others
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost								
Balances at 31 December 2008	72,464	8,451,200	127,155	40,977	152,066	59,991	8,903,853	4,352
Business combinations under common controls	110,143	356,780	737,668	223,599	84,916	50,901	1,564,007	–
Balances at 1 January 2009	182,607	8,807,980	864,823	264,576	236,982	110,892	10,467,860	4,352
Exchange differences	–	102,441	1,063	358	6,339	–	110,201	–
Additions	28,114	630,103	150,896	116,835	161,616	437,650	1,525,214	363
Additions through business combinations	34,463	–	247,421	20,750	7,316	–	309,950	–
Disposals	(2,510)	(1,981)	(27,292)	(25,464)	(156,466)	(13,454)	(227,167)	–
Transfers	289	(20,536)	147,027	(139)	991	(127,632)	–	–
Balances at 31 December 2009	242,963	9,518,007	1,383,938	376,916	256,778	407,456	12,186,058	4,715
Accumulated depletion, depreciation and impairment								
Balances at 31 December 2008	43,705	5,164,678	82,504	26,816	102,509	–	5,420,212	3,892
Business combinations under common controls	19,222	77,931	207,673	70,565	15,498	–	390,889	–
Balances at 1 January 2009	62,927	5,242,609	290,177	97,381	118,007	–	5,811,101	3,892
Exchange differences	1,460	50,647	2,857	18,232	2,225	–	75,421	–
Charge for the year	8,491	396,529	108,506	26,907	12,594	–	553,027	340
Additions through business combinations	1,125	–	9,996	6,602	1,655	–	19,378	–
Disposals	(449)	(21,343)	(17,198)	(10,939)	(1,075)	–	(51,004)	–
Balances at 31 December 2009	73,554	5,668,442	394,338	138,183	133,406	–	6,407,923	4,232
Net book value at 31 December 2009	169,409	3,849,565	989,600	238,733	123,372	407,456	5,778,135	483

Buildings owned by the Group are under lease. The net book values of the buildings owned by the Group can be analysed by the following categories of lease terms:

	2009	2008
	HK$'000	*HK$'000*
Medium-term lease (10 to 50 years)	137,901	93,722
Long-term lease (more than 50 years)	31,508	25,958
	169,409	119,680

The buildings of the Group are mainly located in the PRC.

The Group did not incur and does not anticipate to incur any material dismantlement, restoration or abandonment costs given the nature of its onshore producing activities and current regulations and contracts governing such activities.

As at 31 December 2009, certain of the Group's property, plant and equipment amounting to approximately HK$36,822,000 (2008: HK$193,022,000) were pledged as security for certain bank borrowings of the Group (Note 33).

19 ADVANCED OPERATING LEASE PAYMENTS

The Group's advanced operating lease payments comprise:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Leasehold interest in land outside Hong Kong:		
Leases of between 10 to 50 years	102,010	73,158
Leases of over 50 years	4,952	501
	106,962	73,659
Balance as at 31 December	3,418	3,560
Business combination under common controls	70,241	52,663
Balance as at 1 January	73,659	56,223
Exchange differences	338	4,100
Additions	35,899	21,337
Reclassified to assets held for sales	–	(5,637)
Amortisation for the year	(2,934)	(2,364)
Balance as at 31 December	106,962	73,659

These advance operating lease payments are amortised over the related lease terms using the straight-line method.

As at 31 December 2009, advanced operating lease payments amounting to approximately HK$3,931,000 (2008: HK$9,888,000) were pledged as security for certain bank borrowings of the Group *(Note 33)*.

20 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	276,164	236,170
Share of net assets	1,067,638	889,624	–	–
	1,067,638	889,624	276,164	236,170
Loans to jointly controlled entities	44,906	265,052	44,906	44,906
Less: Impairment losses	–	(220,146)	–	–
	44,906	44,906	44,906	44,906
	1,112,544	934,530	321,070	281,076

Loans to jointly controlled entities are unsecured, interest free and not repayable within one year. As at 31 December 2008, included in the loans to jointly controlled entities is an amount of HK$220,146,000 which bears interest at LIBOR plus 3.75% per annum and the effective interest rate is 6.68% per annum.

Except for the amount of approximately HK$220,146,000, as at 31 December 2009 and 2008, the carrying amounts of loans to jointly controlled entities are not past due and not impaired.

Dividends received and receivable from jointly controlled entities are approximately HK$113,379,000 in 2009 (2008: HK$79,386,000).

The Group's interests in its principal jointly controlled entities (all of which are unlisted), together with its share of their respective assets, liabilities, revenue and profit are as follows:

Name	Country of incorporation/ establishment	Assets	Liabilities	Revenue	Profit	Interest held %	Type of shares
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		
As at or for the year ended 31 December 2009							
華油鋼管有限公司	PRC	846,083	538,961	2,101,688	65,238	39.56%	Equity joint venture
Mazoon Petrogas (BVI) Limited	British Virgin Islands	793,606	150,819	908,974	184,105	50%	Ordinary shares
Others		170,658	52,929	96,038	2,303		
		1,810,347	742,709	3,106,700	251,646		
As at or for the year ended 31 December 2008							
華油鋼管有限公司	PRC	1,182,652	921,653	2,350,377	37,236	50%	Equity joint venture
Mazoon Petrogas (BVI) Limited	British Virgin Islands	726,387	173,440	1,250,769	122,671	50%	Ordinary shares
Others		131,183	55,505	107,042	1,611		
		2,040,222	1,150,598	3,708,188	161,518		

Movements in share of net assets of jointly controlled entities are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At 1 January	889,624	787,078
Capital contributions	39,994	–
Share of profits	251,646	161,518
Dividend income received and receivable	(113,379)	(79,386)
Share of exchange reserves	(247)	20,414
At 31 December	1,067,638	889,624

Details of the principal jointly controlled entities, which in the directors' opinion materially affect the results and/or net assets of the Group at 31 December 2009 and 2008, are set out in Note 45.

21 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	–	–	785,915	–
Share of net assets	4,833,673	5,164,024	–	–
Goodwill	397,739	–	–	–
	5,231,412	5,164,024	785,915	–

The Group's interest in its principal associates (all of which are unlisted), together with its share of their respective assets, liabilities, revenue and profit are as follows:

Name	**Country of incorporation establishment**	**Assets** *HK$'000*	**Liabilities** *HK$'000*	**Revenue** *HK$'000*	**Profit** *HK$'000*	**Interest held %**	**Type of shares**
As at or for the year ended 31 December 2009							
Aktobe	Kazakhstan	6,436,690	2,058,966	4,576,236	235,084	25.12%	Common shares
中油中泰燃氣有限責任公司	PRC	975,505	575,948	209,412	14,856	49%	Equity joint venture
Others		64,902	8,510	62,131	5,741		
		7,477,097	2,643,424	4,847,779	255,681		
As at or for the year ended 31 December 2008							
Aktobe	Kazakhstan	7,241,192	2,159,448	6,716,518	3,231,962	25.12%	Common shares
Others		91,961	9,681	69,658	4,460		
		7,333,153	2,169,129	6,786,176	3,236,422		

Included in investments in associates is an investment in Aktobe which is engaged in oil and gas fields exploration, development, and production in Aktobe region of Kazakhstan, and other activities supporting oil and gas production, and sale of oil, gas and oil products.

In April 2008, the government of Kazakhstan issued a decree for charging export custom duties on crude oil exported out of Kazakhstan with effect from 16 May 2008. Aktobe was originally not within the scope of these duties and therefore no payment was made from May to September 2008. In October 2008, the local government issued a notice demanding Aktobe for payment of these duties. During the year ended 31 December 2008, Aktobe has paid approximately HK$2,871,900,000 of which an amount of HK$531,282,000 (equivalent to the Group's share, net of tax, of HK$106,000,000) is related to January 2009. The unpaid duties amounted to HK$1,378,526,000, of which the Group shares approximately HK$292,000,000, net of tax.

By the end of 2008, Aktobe initiated a claim to the local court against the actions of the relevant government authorities of Kazakhstan, which resulted in illegal imposition on Aktobe of obligation to pay export custom duties. In July 2009, a judgement was made by the local court against Aktobe requiring it to settle the export custom duties in full. Aktobe paid the entire amount in July 2009.

Taking into account of the decision made by the court of Kazakhstan, management of Aktobe considered exposure becomes probable and recognised the remaining amount of HK$1,909,808,000 (equivalent to the Group's share, net of tax, of HK$398,000,000) during the year ended 31 December 2009. Included in the Group's share of profits less losses of associates is an amount of the Group's share of provision for export custom duties of Aktobe including penalties, net of tax, amounting to HK$398,000,000 (2008: HK$499,769,000) recognised during the year ended 31 December 2009.

During the year ended 31 December 2009, Kazakhstan Tenge, the functional currency of Aktobe, was devalued by approximately 20% against US dollar with effect from 4 February 2009 resulting a reduction of share of net assets of associates by HK$926,241,000 and corresponding reduction in translation reserve by the same amount.

Dividends received from associates amounted to approximately HK$13,547,000 for the year ended 31 December 2009 (2008: HK$1,606,403,000).

Movements in share of net assets of associates are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At 1 January	5,164,024	3,459,516
Acquisitions of associates	306,358	–
Capital contributions	82,499	24,171
Share of profits	255,681	3,236,422
Dividend income received	(13,547)	(1,606,403)
Share of exchange reserves	(961,342)	50,318
At 31 December	4,833,673	5,164,024

Movements in goodwill included in investments in associates are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At 1 January	–	–
Acquisitions of associates	397,739	–
At 31 December	397,739	–

Details of the principal associates, which in the directors' opinion materially affect the results and/or net assets of the Group at 31 December 2009 and 2008, are set out in Note 44.

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Listed shares:		
Equity securities listed in Hong Kong	37,092	7,392
Equity securities listed in Australia	45,229	31,593
	82,321	38,985
Unlisted shares:		
Equity securities in the PRC	23,147	17,096
	105,468	56,081

At the date of the statement of financial position, all the listed equity securities are stated at fair values, which have been determined by reference to bid prices quoted in the Stock Exchange and Australian Stock Exchange respectively, except for the equity securities in the PRC amounted to HK$23,147,000 (2008: HK$17,096,000), which are stated at cost. Those securities do not have quoted market price in an active market and whose fair value cannot be reliably measured and must be settled by delivery of such unquoted equity instruments.

The carrying amounts of the available-for-sale financial assets are denominated in the following currencies:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Australian dollar	45,229	31,593
Renminbi	23,147	17,096
Hong Kong dollar	37,092	7,392
	105,468	56,081

Movements in available-for-sale financial assets are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At 1 January	56,081	135,950
Exchange differences	9,110	(6,853)
Additions	13,046	8,012
Additions through business combinations	11,349	–
Disposals	(16,977)	–
Increase/(decrease) in fair value	32,859	(81,028)
At 31 December	105,468	56,081

23 INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	**2008**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1,417,966	156,035

Details of the principal subsidiaries, which in the directors' opinion materially affect the results and/or net assets of the Group at 31 December 2009 and 2008, are set out in Note 43.

24 INTANGIBLES AND OTHER NON-CURRENT ASSETS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments for acquisitions *(Note 41(a))*	89,161	45,398	89,161	45,398
Intangibles *(Note)*	4,829	4,615	–	–
Prepaid construction costs	120,074	–	–	–
Others	3,016	2,914	752	752
	217,080	52,927	89,913	46,150

Note:

The intangibles mainly compose franchised rights and computer software costs. The movements in intangibles are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
At 1 January	4,615	4,312
Exchange differences	–	285
Additions	847	301
Amortisation for the year	(403)	(283)
Disposals	(230)	–
At 31 December	4,829	4,615

25 INVENTORIES

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Crude oil in tanks	29,972	22,220
Marina club debentures and wet berths	13,602	13,602
	43,574	35,822

26 ACCOUNTS RECEIVABLE

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Accounts receivable due from		
– Third parties	151,132	118,181
– Related parties	91,398	38,892
	242,530	157,073

Amounts due from related parties are interest free and unsecured.

The aging analysis of accounts receivable at 31 December 2009 and 2008 is as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Within 3 months	218,663	127,915
Between 3 to 6 months	–	23,787
Over 6 months	23,867	5,371
	242,530	157,073

The Group's sales of crude oil are generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales of natural gas are made in cash or on credit terms no more than 90 days. As at 31 December 2009, accounts receivable of HK$23,867,000 (2008: HK$14,220,000) were past due but for which the Group has not provided for impairment loss. These accounts receivable relate to companies for whom there is no recent history of default. The aging analysis of the accounts receivable which are past due but not impaired is disclosed in the above aging analysis.

The carrying amounts of the accounts receivable are denominated in the following currencies:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
US dollar	61,731	57,885
Renminbi	156,202	83,741
Other currencies	24,597	15,447
	242,530	157,073

27 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other receivables	217,695	159,260	46,907	4,914
Amounts due from related parties				
– Subsidiaries	–	–	4,459,910	4,185,721
– Others	3,278	1,805	–	–
	220,973	161,065	4,506,817	4,190,635
Less: Impairment losses	–	–	(428,568)	(50,826)
	220,973	161,065	4,078,249	4,139,809
Dividends receivable from a jointly controlled entity	19,115	–	19,115	–
Prepaid income tax	37,173	–	–	–
Value-added tax recoverable	20,723	–	–	–
Prepaid expenses	139,412	90,512	1,112	2,051
Other current assets	11,945	772	225	128
	449,341	252,349	4,098,701	4,141,988

The amounts due from related parties are interest free, unsecured and expected to be settled within one year. Except for amounts due from certain subsidiaries, no allowance for doubtful debts for both years.

The carrying amounts of the prepaid expenses and other current assets are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollar	1,507	3,035	17,289	14,528
US dollar	37,767	5,168	399,909	789,468
Renminbi	395,465	242,620	3,681,503	3,337,992
Other currencies	14,602	1,526	–	–
	449,341	252,349	4,098,701	4,141,988

28 TIME DEPOSITS, BANK BALANCES AND CASH

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and on hand	3,683,080	4,751,176	606,390	64,215
Short-term bank deposits	3,724,446	476,677	3,378,772	2,807,907
	7,407,526	5,227,853	3,985,162	2,872,122
Less: Bank deposits with original maturity more than three months	(30,644)	(476,677)	–	–
Cash and cash equivalents	7,376,882	4,751,176	3,985,162	2,872,122

Bank deposits with original maturity more than three months carry fixed interest at market rate at 1.98% per annum (2008: 3.51% per annum). The original maturity ranged from 6 months to 1 year. Cash at bank and bank deposits with original maturity less than three months carry interest at prevailing market rate at 0.26% per annum (2008: 0.79% per annum).

The carrying amounts of the bank deposits, bank balances and cash are denominated in the following currencies:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollar	3,981,985	16,525	3,588,452	15,242
US dollar	754,652	3,112,944	396,247	2,855,737
Renminbi	2,529,023	1,952,701	463	1,143
Other currencies	141,866	145,683	–	–
	7,407,526	5,227,853	3,985,162	2,872,122

Included in bank deposits, bank balances and cash are amounts of approximately HK$2,529,023,000 or RMB2,228,322,000 (2008: HK$1,952,701,000 or RMB1,720,526,000) denominated in Renminbi which are deposited with banks in Mainland China. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

29 ASSETS HELD FOR SALE

The major classes of assets classified as held for sale are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Property, plant and equipment *(Note (i))*	567,867	575,159
Advanced operating lease payments *(Note (i))*	5,637	5,637
Investment in a jointly controlled entity *(Note (ii))*	70,083	–
	643,587	580,796

Notes:

(i) The assets related to the transmission of crude oil business ("Pipeline Business"), which is part of the Natural Gas Distribution segment, have been presented as held for sale following the Group's decision to dispose of this operation in service provision for crude oil transmission in December 2008. The assets of the Pipeline Business are a disposal group. However, the Pipeline Business is not a discontinued operation at 31 December 2009, as it does not represent a major line of business of the Group.

The assets of the Pipeline Business were remeasured at the lower of carrying amount and fair value less cost to sell at the date of the classification. Depreciation of relevant non-current assets of the Pipeline Business ceased at the date of such classification resulting in a decrease in depreciation charge for the year ended 31 December 2009, net of tax, amounting to approximately HK$53,800,000 (2008: Nil).

On 18 December 2009, the Group entered into a disposal agreement with PetroChina to dispose of its entire interest in the Pipeline Business at a consideration of approximately RMB584,827,000 (approximately HK$663,747,000) which has been received as at 31 December 2009 and classified as receipt in advance (Note 32).

On 28 January 2010, the disposal of the Pipeline Business was completed.

(ii) Pursuant to an agreement dated 15 January 2010, the Group disposed of its entire interest in a jointly controlled entity, Commonwealth Gobustan Limited ("CGL"), which had been fully provided for in prior years, for the consideration of US$9,500,000 (approximately HK$73,910,000). Accordingly, the Group recognised a reversal of impairment provision of approximately HK$70,083,000 for the year ended 31 December 2009 and was classified as held for sale as at 31 December 2009.

(iii) As at 31 December 2009, no assets held for sale were pledged as security for certain bank borrowings of the Group (2008: HK$544,268,000).

30 SHARE CAPITAL AND SHARE OPTION SCHEMES

(a) Share capital

	Number of ordinary shares *'000*	Nominal value of ordinary shares *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 January 2008, 31 December 2008 and 2009	8,000,000	80,000
Issue and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2008	4,844,994	48,450
Issue of shares upon exercise of share options *(Note (i))*	11,360	114
Repurchase of shares *(Note (ii))*	(415,570)	(4,156)
At 31 December 2008 and 1 January 2009	4,440,784	44,408
Issue of shares upon exercise of share options *(Note (i))*	45,740	457
Issue of shares upon placement *(Note (iii))*	450,000	4,500
At 31 December 2009	4,936,524	49,365

Notes:

(i) During the year, the Company allotted and issued 45,740,000 shares (2008: 11,360,000 shares) of HK$0.01 each for cash at the exercise price ranged from HK$0.940 to HK$1.224 (2008: HK$0.940 to HK$1.362) per share as a result of the exercise of share options.

(ii) During the year ended 31 December 2008, the Company repurchased a total of 415,570,000 of its own shares on the Stock Exchange at a price ranging from HK$2.039 to HK$3.374 per share, for a total consideration of approximately HK$1,125,285,000.

Month of repurchase	Number of ordinary shares of HK$0.10 each *'000*	Highest *HK$*	Lowest *HK$*	Aggregate consideration paid *HK$'000*
September 2008	136,200	3.460	2.950	432,474
October 2008	143,470	3.370	1.850	359,496
November 2008	125,410	2.680	2.200	306,860
December 2008	10,490	2.580	2.420	26,455
	415,570			1,125,285

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

(iii) On 10 December 2009, the Company completed a placement of 450,000,000 shares of HK$0.01 each at a subscription price of HK$8.270 per share. Accordingly, 450,000,000 shares of HK$0.01 each were issued at a premium of HK$8.260 each. The premium on issue of shares of HK$3,717,000,000 was credited to the share premium account. These shares rank pari passu in all respects with the existing shares.

(b) Share option schemes

Pursuant to resolution of the Company passed on 28 May 2001, the Company adopted an executive share option scheme (the "2001 Share Option Scheme"). The 2001 Share Option Scheme was replaced by another share option scheme (the "2002 Share Option Scheme") on 3 June 2002 and no options were granted under the 2001 Share Option Scheme since its adoption. The purpose of these share option schemes is to enable the Company to grant options to eligible employees and directors as incentives and rewards for their contributions to the Company and to recruit high caliber employees and attract human resources that are valuable to the Company.

Under the 2002 Share Option Scheme, the directors of the Company are authorised, at any time within ten years after the adoption of the 2002 Share Option Scheme, to grant options to any directors or employees of the Company or any of its subsidiaries to subscribe for the Company's shares at a price not less than the average of the closing prices of the Company's shares on the five trading days immediately preceding the offer date of the options, the closing price of the Company's shares on the offer day or the nominal value of the Company's shares, whichever is the highest. Unless otherwise cancelled or amended, the 2002 Share Option Scheme will be valid and effective for a period of ten years from the date of adoption. The maximum number of shares in respect of which options may be granted under the 2002 Share Option Scheme cannot exceed 10% of the issued share capital of the Company. Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Share Option Scheme (and under any other shares of the Company) shall not exceed 30% of the shares in issue from time to time.

Options granted under the 2002 Share Option Scheme must be taken up within the period as specified in the offer of the options and no amount shall be payable by the grantee to the exercising of the right to accept an offer of an option. Options granted are exercisable at any time, but not less than 3 months and not more than 10 years from the date on which the option is granted and accepted by the grantee. All of the options were vested to the option holders after 3 months from the date on which the options are granted.

Pursuant to the resolution of the Company passed on 26 March 2009, 7,100,000 and 7,000,000 share options were granted to directors and employees of the Company, respectively, under the 2002 Share Option Scheme. All of the options are vested to the option holders after 3 months from the date on which the options are granted. The exercise period of the option is 5 years from the grant date.

The closing price of the Company's shares immediately before 26 March 2009, the date of grant of the options, was HK$3.250.

The fair values of share options granted in 2009 and 2008 were calculated using the Binomial model. The inputs into the model were as follows:

	Granted on 26 March 2009 to		Granted on 26 May 2008 to	
	Directors	Employees	Directors	Employees
Share price at grant date	HK$3.250	HK$3.250	HK$4.220	HK$4.220
Exercise price	HK$3.250	HK$3.250	HK$4.240	HK$4.240
Expected volatility	46.8%	46.8%	46.0%	46.0%
Risk-free rate	1.600%	1.600%	2.629%	2.629%
Expected dividend yield	3.20%	3.20%	3.02%	3.02%
Exercise multiple	2.0	1.5	2.0	1.5

Expected volatility was determined by using the historical volatility of the Company's share price over the previous five years.

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the independent professional valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The fair value of the options granted to directors and employees of the Company during the year are HK$7,778,000 (2008: HK$12,321,000) and HK$6,345,000 (2008: HK$6,419,000), respectively.

The number of shares in respect of which options had been granted and outstanding at 31 December 2009 under the 2002 Share Option Scheme was 145,700,000 shares (2008: 177,340,000 shares), representing 2.95% (2008: 3.99%) of the issued share capital of the Company at 31 December 2009.

The movements in the share options granted under the 2002 Share Option Scheme during the year are shown in the following table:

		Number of share options						
Name or category of participants	Option Type	Outstanding at 1 January 2008	Granted during the year	Exercised during the year	Outstanding at 31 December 2008 and 1 January 2009	Granted during the year	Exercised during the year	Outstanding at 31 December 2009
Directors								
Mr Li Hualin	2005 *(Note (iii))*	20,000,000	–	–	20,000,000	–	(20,000,000)	–
	2007 *(Note (iv))*	25,000,000	–	–	25,000,000	–	–	25,000,000
	2008 *(Note (vi))*	–	3,200,000	–	3,200,000	–	–	3,200,000
	2009 *(Note (vii))*	–	–	–	–	3,200,000	–	3,200,000
Mr Zhang Bowen	2007 *(Note (iv))*	20,000,000	–	–	20,000,000	–	–	20,000,000
	2008 *(Note (vi))*	–	2,400,000	–	2,400,000	–	–	2,400,000
	2009 *(note (vii))*	–	–	–	–	2,400,000	–	2,400,000
Mr Cheng Cheng	2004 *(Note (ii))*	20,000,000	–	(4,360,000)	15,640,000	–	(15,640,000)	–
	2007 ***(Note (iv))***	10,000,000	–	–	10,000,000	–	–	10,000,000
	2008 ***(Note (vi))***	–	1,500,000	–	1,500,000	–	–	1,500,000
	2009 *(Note (vii))*	–	–	–	–	1,500,000	–	1,500,000

Name or category of participants	Option Type	Number of share options						
		Outstanding at 1 January 2008	Granted during the year	Exercised during the year	Outstanding at 31 December 2008 and 1 January 2009	Granted during the year	Exercised during the year	Outstanding at 31 December 2009
Dr Lau Wah Sum	2004 *(Note (i))*	3,500,000	–	(3,500,000)	–	–	–	–
Mr Li Kwok Sing Aubrey	2004 *(Note (i))*	3,500,000	–	(3,500,000)	–	–	–	–
Dr Liu Xiao Feng	2005 *(Note (iii))*	1,600,000	–	–	1,600,000	–	(1,600,000)	–
Sub-total		103,600,000	7,100,000	(11,360,000)	99,340,000	7,100,000	(37,240,000)	69,200,000
Other employees	2005 *(Note (iii))*	26,000,000	–	–	26,000,000	–	(8,500,000)	17,500,000
	2007 *(Note (iv))*	25,000,000	–	–	25,000,000	–	–	25,000,000
	2007 *(Note (v))*	20,000,000	–	–	20,000,000	–	–	20,000,000
	2008 *(Note (vi))*	–	7,000,000	–	7,000,000	–	–	7,000,000
	2009 *(Note (vii))*	–	–	–	–	7,000,000	–	7,000,000
Sub-total		71,000,000	7,000,000	–	78,000,000	7,000,000	(8,500,000)	76,500,000
Total		174,600,000	14,100,000	(11,360,000)	177,340,000	14,100,000	(45,740,000)	145,700,000

Notes:

(i) These options were granted on 8 January 2004 with exercise price of HK$1.362 and exercisable from 8 April 2004 to 7 January 2009.

(ii) These options were granted on 25 June 2004 with exercise price of HK$0.940 and exercisable from 25 September 2004 to 24 June 2009.

(iii) These options were granted on 27 April 2005 with exercise price of HK$1.224 and exercisable from 27 July 2005 to 26 April 2010.

(iv) These options were granted on 8 January 2007 with exercise price of HK$4.186 and exercisable from 8 April 2007 to 7 January 2012.

(v) These options were granted on 14 September 2007 with exercise price of HK$4.480 and exercisable from 14 December 2007 to 13 September 2012.

(vi) These options were granted on 26 May 2008 with exercise price of HK$4.240 and exercisable from 26 August 2008 to 25 May 2013.

(vii) These options were granted on 26 March 2009 with exercise price of HK$3.250 and exercisable from 26 June 2009 to 25 March 2014.

(viii) The closing prices of the Company's shares at the date on which the share options were exercised for the year ended 31 December 2009 are ranged from HK$3.210 (2008: HK$2.410) to HK$8.610 (2008: HK$2.510).

(ix) Mr Wang Mingcai resigned as the director of the Company with effect from 1 January 2009 and the movements in his share options from 1 January 2008 to 31 December 2008 was reclassified under other employees to conform with the current presentation.

31 RESERVES

	Group								
	Share premium *HK$'000*	**Contributed surplus** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Merger reserve** *HK$'000*	**Available-for-sale financial assets reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Other reserves** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
For the year ended 31 December 2008									
Balances at 31 December 2007	1,358,934	134,323	134,252	(960,519)	98,838	471,781	–	7,728,413	8,966,022
Business combinations under common control	–	–	–	207,087	–	–	15,579	(91,176)	131,490
Balances at 1 January 2008	1,358,934	134,323	134,252	(753,432)	98,838	471,781	15,579	7,637,237	9,097,512
Total comprehensive (loss)/income for the year	–	–	–	13,702	(81,028)	78,051	–	3,385,208	3,395,933
Transfer between reserves	–	–	–	–	–	–	4,202	(4,202)	–
Final dividend for 2007	–	–	–	–	–	–	–	(581,399)	(581,399)
Recognition of equity-settled share-based payments *(Note 9)*	–	–	18,740	–	–	–	–	–	18,740
Exercise of share options	16,393	–	(2,875)	–	–	–	–	–	13,518
Repurchase of shares	(1,121,129)	–	–	–	–	–	–	–	(1,121,129)
Dividends to former owners of the Natural Gas Projects	–	–	–	–	–	–	–	(16,855)	(16,855)
Balances at 31 December 2008	254,198	134,323	150,117	(739,730)	17,810	549,832	19,781	10,419,989	10,806,320
For the year ended 31 December 2009									
Balances at 31 December 2008	254,198	134,323	150,117	(960,519)	17,810	551,440	–	10,466,146	10,613,515
Business combinations under common control	–	–	–	220,789	–	(1,608)	19,781	(46,157)	192,805
Balances at 1 January 2009	254,198	134,323	150,117	(739,730)	17,810	549,832	19,781	10,419,989	10,806,320
Total comprehensive (loss)/income for the year	–	–	–	–	32,859	(531,496)	–	1,203,948	705,311
Transfer between reserves	–	–	–	–	–	–	75,444	(75,444)	–
Final dividend for 2008	–	–	–	–	–	–	–	(668,854)	(668,854)
Recognition of equity-settled share-based payments *(Note 9)*	–	–	14,123	–	–	–	–	–	14,123
Issue of shares upon placement	3,717,000	–	–	–	–	–	–	–	3,717,000
Exercise of share options	62,197	–	(11,110)	–	–	–	–	–	51,087
Share issue expenses	(78,815)	–	–	–	–	–	–	–	(78,815)
Acquisition of the Natural Gas Projects	–	–	–	(379,049)	–	–	–	–	(379,049)
Purchase of non-controlling interest in subsidiaries	–	–	–	(5,953)	–	–	–	–	(5,953)
Balances at 31 December 2009	3,954,580	134,323	153,130	(1,124,732)	50,669	18,336	95,225	10,879,639	14,161,170

	Company				
	Share premium *HK$'000*	**Contributed surplus** *HK$'000*	**Employee share-based compensation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
Balances at 31 December 2008	1,358,934	133,795	134,252	5,018,285	6,645,266
Profit for the year	–	–	–	2,451,528	2,451,528
Recognition of equity-settled share-based payments	–	–	18,740	–	18,740
Exercise of share options	16,393	–	(2,875)	–	13,518
Repurchase of shares	(1,121,129)	–	–	–	(1,121,129)
Final dividend for 2007	–	–	–	(581,399)	(581,399)
Balances at 31 December 2008	254,198	133,795	150,117	6,888,414	7,426,524
Profit for the year	–	–	–	122,339	122,339
Recognition of equity-settled share-based payments	–	–	14,123	–	14,123
Final dividend for 2008	–	–	–	(668,854)	(668,854)
Issue of shares upon placement	3,717,000	–	–	–	3,717,000
Exercise of share options	62,197	–	(11,110)	–	51,087
Share issue expenses	(78,815)	–	–	–	(78,815)
Balances at 31 December 2009	3,954,580	133,795	153,130	6,341,899	10,583,404

The contributed surplus of the Group represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the Company's shares issued for the acquisition.

32 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accounts payable				
– Third parties	207,139	241,622	–	–
– Related parties	216,705	272,913	–	–
	423,844	514,535	–	–
Advances from customers	69,909	45,853	–	–
Salaries and welfare payable	71,291	76,863	17,257	14,496
Accrued expenses	18,476	3,528	–	–
Dividends payable by subsidiaries to non-controlling interest	43,850	30,629	–	–
Interest payable	67,578	1,617	–	
Construction fee and equipment cost payables	119,825	–	–	–
Amounts due to related parties				
– Subsidiaries	–	–	44,731	7,363
– Others	51,392	111,192	–	–
Consideration payables *(Notes 40(b) and 40(c))*	168,789	–	–	–
Receipts in advance *(Note 29)*	663,747	–	–	–
Other payables	202,732	117,052	4,453	1,317
	1,901,433	901,269	66,441	23,176

The aging analysis of accounts payable is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 3 months	327,876	403,799
Between 3 to 6 months	64	6,377
Over 6 months	95,904	104,359
	423,844	514,535

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables fall within the credit time frame.

The carrying amounts of the accounts payable and accrued liabilities are denominated in the following currencies:

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollar	27,668	17,496	66,212	23,176
US dollar	263,657	175,536	229	–
Renminbi	1,583,443	703,770	–	–
Thai Baht	26,665	4,467	–	–
	1,901,433	901,269	66,441	23,176

33 BORROWINGS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Short-term borrowings		
– Secured	14,754	687,516
– Unsecured	148,565	560,807
	163,319	1,248,323
Long-term borrowings		
– Secured	–	28,374
– Unsecured	1,793,401	993,874
	1,956,720	2,270,571

The carrying amounts of the borrowings are denominated in the following currencies:

	Group	
	2009	2008
	HK$'000	*HK$'000*
US dollar	964,891	993,874
Renminbi	991,829	1,276,697
	1,956,720	2,270,571

For borrowings denominated in Renminbi with floating interest rates, the interest rates are re-set annually on the respective anniversary dates based on interest rates announced by the PRC.

Borrowings of the Group of approximately HK$488,026,000 (2008: HK$87,833,000) were guaranteed by CNPC and its subsidiaries as at 31 December 2009, and no borrowings of subsidiaries of the Company were guaranteed by the Company and third parties at 31 December 2009 (2008: Nil).

As at 31 December 2008, secured short-term and long-term borrowings are secured by property, plant and equipment, advanced operating lease payments and assets held for sale with aggregate carrying values of HK$747,178,000.

As at 31 December 2009, secured short-term and long-term borrowings are secured by property, plant and equipment, advanced operating lease payments with aggregate carrying values of HK$40,753,000.

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Total borrowings:		
– Interest free	–	177,738
– At fixed rates	1,953,315	1,866,050
– At floating rates	3,405	226,783
	1,956,720	2,270,571
Weighted average effective interest rates:		
– Bank loans	4.69%	6.92%
– Loans other than bank loans	6.16%	6.68%

The carrying amounts and fair values of long-term borrowings are as follows:

	Group	
	2009	**2008**
	HK$'000	*HK$'000*
Carrying amounts	1,793,401	1,022,248
Fair values	2,074,372	1,269,964

The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the dates of the statement of financial position. Such discount rates ranged from 0.23% to 4.32% (2008: 2.60% to 7.74%) per annum as of 31 December 2009 depending on the type of the borrowings. The carrying amounts of short-term borrowings approximate their fair values.

The borrowings can be analysed as follows:

	Short-term borrowings		Long-term borrowings	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans, wholly repayable within five years	14,754	948,706	–	28,374
Loans other than bank loans				
– Wholly repayable within five years	148,565	299,617	828,510	–
– Not wholly repayable within five years	–	–	964,891	993,874
	163,319	1,248,323	1,793,401	1,022,248

Loans other than bank loans are borrowings from China Petroleum Finance Company Limited ("CP Finance"), a finance company controlled by CNPC, other fellow subsidiaries and non-controlling interest of subsidiaries.

As at 31 December 2009 and 2008, the Group's short-term borrowings were repayable within one year and the Group's long-term borrowings were repayable as follows:

	Bank loans		Loans other than bank loans	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Between one to two years	–	28,374	397,268	–
Between two to five years	–	–	1,203,155	414,939
After five years	–	–	192,978	578,935
	–	28,374	1,793,401	993,874

34 DEFERRED TAX

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates which is expected to apply at the time of reversal of the temporary difference.

The movements in net deferred tax assets/(liabilities) are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	(762,430)	(478,750)	(3,723)	–
Exchange differences	(3,457)	8,275	–	–
(Charged)/credited to the income statement *(Note 14)*	(119,403)	(291,955)	3,723	(3,723)
At 31 December	(885,290)	(762,430)	–	(3,723)
Representing:				
Deferred tax assets	78,598	89,769	–	–
Deferred tax liabilities	(963,888)	(852,199)	–	(3,723)
	(885,290)	(762,430)	–	(3,723)

The movements in deferred tax assets/(liabilities)(to be recovered/settled after 12 months) during the year without taking into consideration of the offsetting of balances within the same tax jurisdiction, are as follows:

	Group				Company
	Accelerated tax depreciation	**Withholding tax**	**Others**	**Total**	**Withholding tax**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	(103,710)	(450,336)	75,296	(478,750)	–
Exchange differences	8,275	–	–	8,275	–
Charged to the income statement	(26,349)	(282,242)	16,636	(291,955)	(3,723)
At 31 December 2008	(121,784)	(732,578)	91,932	(762,430)	(3,723)
Exchange differences	(3,457)	–	–	(3,457)	–
(Charged)/credited to the income statement	(35,396)	(54,244)	(29,763)	(119,403)	3,723
At 31 December 2009	(160,637)	(786,822)	62,169	(885,290)	–

As at 31 December 2009, the Group has unrecognised deferred tax assets of approximately HK$10,347,000 (2008: HK$9,320,000), primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely.

35 CASH FLOWS FROM OPERATING ACTIVITIES

	2009	**2008**
	HK$'000	*HK$'000*
Profit for the year	1,463,462	4,680,501
Adjustments for:		
Income tax expense	391,484	1,093,867
Depreciation, depletion and amortisation	556,364	797,456
Share of profits less losses of associates	(255,681)	(3,236,422)
Share of profits less losses of jointly controlled entities	(251,646)	(161,518)
(Reversal of provision)/impairment for loans to and amounts due from jointly controlled entities	(70,083)	112,886
Employee share-based payment expense	14,123	18,740
Dividend income from available-for-sale financial assets	(1,371)	(3,735)
Loss on disposal of property, plant and equipment	9,123	6,608
Net exchange gains	(14,580)	(174,516)
Interest income	(39,067)	(115,294)
Interest expense	134,975	165,488
Changes in working capital:		
Accounts receivable and prepaid expenses and other current assets	(339,882)	171,699
Inventories	(7,752)	5,291
Accounts payable and accrued liabilities	149,486	27,500
Cash generated from operations	1,738,955	3,388,551
Income tax paid	(194,884)	(871,934)
Net cash generated from operating activities	1,544,071	2,516,617

36 COMMITMENTS

(a) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land and buildings and equipment. Leases range from 1 to 30 years and usually do not contain renewal options. Future minimum lease payments as of 31 December 2009 and 2008 under non-cancellable operating leases are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than 1 year	14,033	6,492	746	746
Later than 1 year and not later than 5 years	40,932	11,909	1,991	2,737
More than 5 years	118,647	12,464	–	–
	173,612	30,865	2,737	3,483

(b) Capital commitments

	Group		Company	
	2009	**2008**	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted but not provided for:				
Development cost under the Xinjiang Contract	133,943	222,610	–	–
Development cost under the Leng Jiapu Contract	419,317	391,556	–	–
Development cost for Onshore Exploration Block No. L21/43 in Thailand	–	140,166	–	–
Development cost for Azerbaijan Kursangi and Kurabagli oil field	106,843	70,083	–	–
Acquisitions of/capital contributions to investments	232,049	–	595,383	–
Other property, plant and equipment	559,015	–	–	–
	1,451,167	824,415	595,383	–

	Group		Company	
	2009	2008	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised but not contracted for:				
Development cost for Onshore Exploration Block No. L21/43 in Thailand	137,051	–	–	–
Development cost for Indonesia Bengara-II	169,227	–	–	–
Development cost for Peru Talara oil field	223,409	81,764	–	–
Development cost for Oman oil field	115,442	–	–	–
Acquisitions of/capital contributions to investments	725,593	–	2,685,637	–
Other property, plant and equipment	6,452,584	–	–	–
	7,823,306	81,764	2,685,637	–

37 OIL PRODUCTION SHARING CONTRACTS

(a) Xinjiang Contract

Pursuant to the Xinjiang Contract, the Group agreed to fund an enhanced oil recovery programme (the "Infill Development Programme") to be implemented under the Xinjiang Contract thereby reducing the inter-well spacing and improving oil recovery in the area as defined in the Xinjiang Contract (the "Contract Area"), at an estimated cost of US$66,000,000 (approximately HK$510,000,000), in exchange for a 54% share in the oil production from the Contract Area.

Pursuant to the Xinjiang Contract, the Group bears all the costs required for the Infill Development Programme and share in the production from the Contract Area which shall be allocated (after deduction of local taxes and enterprise income tax) firstly towards operating costs recovery and thereafter in the proportion of 54% to the Group and 46% to PetroChina towards investment recovery and profit.

The Xinjiang Contract provides twelve consecutive years of production sharing commencing from the completion of the Infill Development Programme or such earlier date as may be determined by the Joint Management Committee (the "JMC") set up by the Group and PetroChina pursuant to the Xinjiang Contract to oversee oil operations in the Contract Area. The JMC resolved that the Group is entitled to oil production sharing as from 1 September 1996. The first phase of the Xinjiang Contract ended on 31 August 2008. In April 2008, the Group and PetroChina, having obtained the approval of the State Council of the PRC, extended the production period for further eight years to expire on 31 August 2016. The second phase of the Xinjiang Contract commenced on 1 September 2008.

In connection with the Xinjiang Contract, the Group has also entered into an Entrustment Contract with an operational entity wholly owned and operated by CNPC, whereby the latter was entrusted to take up the responsibility as an operator. Set out below is the summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the Xinjiang Contract:

		2009 *HK$'000*	2008 *HK$'000*
(i)	Results for the year		
	Income	940,399	1,572,974
	Expenses	(573,259)	(889,327)
(ii)	Assets and liabilities		
	Oil and gas properties	307,030	230,305
	Other non-current assets	4,536	6,788
	Current assets	449,082	422,879
	Current liabilities	(119,509)	(78,930)
	Net assets	641,139	581,042
(iii)	Capital commitments		
	Contracted but not provided for	133,943	222,610

(b) Leng Jiapu Contract

Pursuant to the Leng Jiapu Contract signed in 1997, the Group agreed to acquire 70% of the production sharing interest for RMB1,008,000,000 (approximately HK$942,000,000) and to fund its share of cost of the development carried out for the realisation of oil production (the "Development Operations") in the area as defined in the Leng Jiapu Contract (the "LJP Contract Area"), at an estimated cost of US$65,500,000 (approximately HK$506,000,000) in the first two years of the development period and be further responsible for 70% of the development cost after the first two years, in exchange for a 70% share in the oil production from the LJP Contract Area.

Pursuant to the Leng Jiapu Contract, the Group shall bear 70% of the costs required for the Development Operations in the LJP Contract Area which shall be allocated (after deduction of local taxes and enterprise income tax) firstly towards operating costs recovery and thereafter in the proportion of 70% to the Group and 30% to PetroChina towards investment recovery and profit.

The Leng Jiapu Contract provides twenty consecutive years of production sharing commencing from the completion of the Development Operations. The production sharing period commenced on 1 March 1998.

In connection with the Leng Jiapu Contract, the Group has also entered into an Entrustment Contract with an operational entity owned and operated by CNPC, whereby the latter is entrusted to take up the responsibility as an operator. Under the Entrustment Contract, a Joint Development Management Organisation was established for the performance of the contractual responsibilities under the operatorship.

The summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the Leng Jiapu Contract is as follows:

		2009	2008
		HK$'000	*HK$'000*
(i)	Results for the year		
	Income	1,145,903	1,831,674
	Expenses	(996,760)	(1,399,679)
(ii)	Assets and liabilities		
	Oil and gas properties	2,042,531	2,023,854
	Current assets	1,269,378	1,341,469
	Current liabilities	(343,145)	(398,268)
	Non-current liabilities	(104,284)	(93,057)
	Net assets	2,864,480	(2,873,998)
(iii)	Capital commitments		
	Contracted but not provided for	419,317	391,556

(c) K&K Contract

In 2002, the Group acquired 25% of the production sharing interest in Kursangi and Karabagli oil fields in the Azerbaijan ("K&K Contract Area") for US$40,533,000 (approximately HK$316,160,000) from independent third parties.

Pursuant to the K&K Contract, the Group shall bear 25% of the costs in connection with the oil production in the K&K Contract Area.

The summary of assets, liabilities and results for the year recognised in the consolidated financial statements in relation to the Group's interest in the K&K Contract is as follows:

		2009	2008
		HK$'000	*HK$'000*
(i)	Results for the year		
	Income	310,704	651,993
	Expenses	(292,477)	(545,964)
(ii)	Assets and liabilities		
	Oil and gas properties	592,648	544,648
	Current assets	29,887	61,210
	Current liabilities	(8,502)	(6,572)
	Net assets	614,033	599,286
(iii)	Capital commitments		
	Contracted but not provided for	106,843	70,083

38 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC Government. The PRC Government is the ultimate controlling party of the Company. Related parties include CPNC and its subsidiaries, other state-owned enterprises and their subsidiaries which the PRC Government has

control, joint control or significant influence over and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the years and balances arising from related party transactions at the end of the years indicated below:

(a) Transactions with CNPC and its subsidiaries and associates

The Group has extensive transactions with other companies in the CNPC Group. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of the CNPC Group are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with the CNPC Group and associates of the Group which were carried out in the ordinary course of business, are as follows:

(i) The Group entered into (i) the Xinjiang Contract and the Leng Jiapu Contract (together, the "PSAs") with the CNPC Group in 1996 and 1997 respectively and (ii) the Master Agreement in 2003, which was subsequently amended in 2006 pursuant to the First Supplement Agreement.

On 25 March 2009, the Group and CNPC entered into the Second Supplement Agreement for expansion of the scope of products and services to be provided by the CNPC Group under the Master Agreement, and also for the extension of the term of the Master Agreement to expire on 31 December 2011.

Under the PSAs, the Group procures from the CNPC Group on a continuing basis certain services and assistance such as personnel training, leasing of warehouses and terminal facilities and utilisation of transportation and communication facilities. Whereas, the Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group in relation to its oil exploration and production projects.

- Provision of products and services by the CNPC Group to the Group in relation to oil exploration and production projects amounted to approximately HK$809,356,000 (2008: HK$1,199,816,000) in the year ended 31 December 2009.

- Purchase of the Group's share of crude oil production by the CNPC Group amounted to approximately HK$2,079,949,000 (2008: HK$3,384,058,000) in the year ended 31 December 2009.

- Supply of crude oil, natural gas, refined oil products, chemical products and other ancillary or similar products by the CNPC Group to the Group amounted to approximately HK$971,891,000 (2008: HK$2,151,073,000) in the year ended 31 December 2009.

- Assistance fee paid to the CNPC Group amounted to approximately HK$652,000 (2008: HK$482,000) in the year ended 31 December 2009.

- Training fee paid to the CNPC Group amounted to approximately HK$708,000 (2008: HK$541,000) in the year ended 31 December 2009.

(ii) Purchases of financial service principally represent interest charged on the loans and advances obtained from CNPC and fellow subsidiaries, insurance fee, etc. The total amount of these transactions amounted to approximately HK$112,735,000 in the year ended 31 December 2009 (2008: HK$79,661,000). Information on loans from related parties are included in Note 33.

(iii) The Group has entered into agreements for the sales of natural gas to certain associates of the Group amounted to approximately HK$85,328,000 in the year ended 31 December 2009 (2008: HK$62,449,000).

(iv) The Group has entered into agreements for the provision of services in connection with the transportation of crude oil to the CNPC Group by the Pipeline Business, which was disposed of on 28 January 2010 (Note 29), amounted to approximately HK$222,737,000 in the year ended 31 December 2009 (2008: HK$228,100,000).

(b) Key management compensation:

	2009	2008
	HK$'000	*HK$'000*
Salaries and allowances	22,500	25,249
Retirement benefits – defined contribution scheme	1,275	1,275
Share-based payments	10,497	14,072
	34,272	40,596

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC, its subsidiaries, associates and jointly controlled entities, the Group has transactions with other state-controlled entities include but not limited to (i) sales and purchases of goods and services; (ii) purchases of assets; (iii) lease of assets; and (iv) bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

39 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which is determined as the Board of Directors of the Company.

The Group organises its business around products and services. From the products and services perspective, the Group is engaged in a broad range of petroleum related activities and derives its revenue from its two operating segments: Exploration and Production, and Natural Gas Distribution.

The Exploration and Production segment is engaged in the exploration, development, production and sale of crude oil and natural gas. It is further evaluated on a geographic basis (PRC, South America and other territories).

The Natural Gas Distribution segment is engaged in the sale of natural gas and the transmission of natural gas in the PRC.

No sales between operating segments are undertaken. The Board of Directors assesses the performance of the operating segments based on each segment's profit/(loss) before income tax expense, share of profits less losses of associates and jointly controlled entities ("segment results").

Total assets exclude deferred and current taxes, available-for-sale financial assets, investments in associates and jointly controlled entities, all of which are managed on a central basis ("segment assets").

Corporate income and expenses, net, mainly refers to interest income earned from time deposits with maturities over three months and cash and cash equivalents, and general and administration expenses incurred at corporate level.

Corporate assets mainly comprise time deposits with maturities over three months and cash and cash equivalents held at corporate level.

The segment information provided to the Board of Directors for the reportable segments for the years ended 31 December 2009 and 2008 are as follows:

	Exploration and Production			Natural Gas Distribution		
	PRC	South America	Others	PRC	Corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2009						
Revenue from external customers	2,079,949	528,163	542,990	2,129,083	–	5,280,185
Segment results	638,384	252,080	118,777	406,708	(68,330)	1,347,619
Share of profits less losses of:						
– Associates						255,681
– Jointly controlled entities						251,646
Profit before income tax expense						1,854,946
Income tax expense						(391,484)
Profit for the year						1,463,462
Segment results included:						
Interest income	21,891	1,365	3,358	6,714	5,739	39,067
Depreciation, depletion and amortisation	293,124	32,372	76,787	153,545	536	556,364
Interest expense	–	–	77,191	57,784	–	134,975
As at 31 December 2009						
Non-current assets	2,463,406	276,741	1,187,567	2,040,387	96,903	6,065,004
Current assets	1,912,030	204,504	296,679	2,305,995	4,067,350	8,786,558
Segment assets	4,375,436	481,245	1,484,246	4,346,382	4,164,253	14,851,562
Investments in jointly controlled entities						1,112,544
Investments in associates						5,231,412
Available-for-sale financial assets						105,468
Deferred tax assets						78,598
Prepaid income tax						37,173
Total assets						21,416,757

	Exploration and Production			Natural Gas Distribution		
	PRC	South America	Others	PRC	Corporate	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2008						
Revenue from external customers	3,384,058	763,025	1,061,264	1,579,576	–	6,787,923
Segment results	1,397,431	407,215	182,100	215,556	174,126	2,376,428
Share of profits less losses of:						
– Associates						3,236,422
– Jointly controlled entities						161,518
Profit before income tax expense						5,774,368
Income tax expense						(1,093,867)
Profit for the year						4,680,501
Segment results included:						
Interest income	33,270	4,581	8,651	2,255	66,537	115,294
Depreciation, depletion and amortisation	503,075	39,352	89,168	165,077	784	797,456
Interest expense	–	–	77,191	88,297	–	165,488
As at 31 December 2008						
Non-current assets	2,254,431	190,290	1,042,002	1,247,974	48,648	4,783,345
Current assets	1,764,075	199,025	283,890	1,117,011	2,889,892	6,253,893
Segment assets	4,018,506	389,315	1,325,892	2,364,985	2,938,540	11,037,238
Investments in jointly controlled entities						934,530
Investments in associates						5,164,024
Available-for-sale financial assets						56,081
Deferred tax assets						89,769
Total assets						17,281,642

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of domicile of the Company.

For the year ended 31 December 2009, revenue of approximately HK$2,997,910,000 (2008: HK$4,445,179,000) is derived from two single customers. The revenue is attributable to the Exploration and Production and Natural Gas Distribution segments.

40 ACQUISITIONS

(a) Business combinations under common control

The Board of Directors of the Company approved the acquisitions by the Company of (i) a 97.26% equity interest in 新疆新捷股份有限公司 for a cash consideration of approximately RMB328,057,000 (approximately HK$379,049,000) on 9 January 2009; (ii) a 51.01% equity interest in 華油天然氣股份有限公司 for a cash consideration of approximately RMB435,155,000 (approximately HK$493,476,000) on 16 February 2009; and (iii) a 50.98% equity interest in CNPC Shennan Oil Technology Development Co., Ltd. for a cash consideration of approximately RMB95,091,000 (approximately HK$108,325,000) on 19 December 2008. The acquisitions were completed on 13 March 2009, 30 June 2009 and 9 February 2009 respectively. The acquisitions of 華油天然氣股份有限公司 and CNPC Shennan Oil Technology Development Co., Ltd. were by means of capital injection. 新疆新捷股份有限公司, 華油天然氣股份有限公司 and CNPC Shennan Oil Technology Development Co., Ltd. are collectively referred to as the "Natural Gas Projects".

These acquisitions are business combinations under common control since the Company and the Natural Gas Projects are under the common control of CNPC. As a result, the Company has accounted for the acquisition in a manner similar to a uniting of interests, whereby the assets and liabilities acquired are accounted for at carryover predecessor values to CNPC (net assets of approximately HK$822,590,000 in aggregate and attributable to the Group at the effective dates).

The consolidated financial statements have been restated to give effect to these acquisitions with all periods presented as if the operations of the Group and the Natural Gas Projects have always been combined. The difference between the consideration and the net assets of Natural Gas Projects acquired has been adjusted against equity.

The summarised results of operations for the year ended 31 December 2008 and the financial position as at 31 December 2008 for the separate entities and on a consolidation basis are set out below:

	Group (as previously reported) *HK$'000*	**Natural Gas Projects** *HK$'000*	**Group (as restated)** *HK$'000*
Results of operations for the year ended 31 December 2008			
Revenue	5,208,347	1,579,576	6,787,923
Profit for the year	4,519,626	160,875	4,680,501
Earnings per share for profit attributable to owners of the Company			
– Basic (HK cents)	69.70	1.39	71.09
– Diluted (HK cents)	68.99	1.38	70.37
Financial position as at 31 December 2008			
Non-current assets			
Property, plant and equipment	3,483,641	1,173,118	4,656,759
Other non-current assets	6,195,163	175,827	6,370,990
	9,678,804	1,348,945	11,027,749
Current assets	5,136,882	1,117,011	6,253,893
	14,815,686	2,465,956	17,281,642

	Group (as previously reported) *HK$'000*	Natural Gas Projects *HK$'000*	Group (as restated) *HK$'000*
Current liabilities			
Short-term borrowings	–	1,248,323	1,248,323
Other current liabilities	722,593	246,266	968,859
	722,593	1,494,589	2,217,182
Non-current liabilities	1,815,275	59,172	1,874,447
	2,537,868	1,553,761	4,091,629
Net assets	12,277,818	912,195	13,190,013

(b) Acquisition of a plant engaging in Liquified Natural Gas ("LNG") operation

On 26 October 2009, the Group acquired a LNG processing plant located at Fushan Town, Chengmai Country, Hainan Province, PRC with an annual production capacity of 80,000 tonnes and its associated assets including, but not limited to, production equipment, land and buildings on which the plant was located, vehicles, machinery and equipment and the staff of such LNG processing plant for RMB201,630,000 (approximately HK$227,842,000). The acquired business contributed revenue of HK$9,587,000 and net profit of HK$5,370,000 to the Group for the period from 1 November 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, revenue would have been HK$9,587,000, and profit before allocations would have been HK$5,370,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2009, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

	2009 *HK$'000*
Purchase consideration:	
– Cash paid	113,519
– Consideration payables as at 31 December 2009	115,344
– Direct costs relating to the acquisition	26,813
Total purchase consideration	255,676

The assets and liabilities as of 26 October 2009 arising from the acquisition are as follows:

	Fair value *HK$'000*	**Acquiree's carrying amount** *HK$'000*
Property, plant and equipment *(Note 18)*	237,723	237,723
Prepaid expenses and other current assets	17,953	17,953
Fair value of net assets acquired and total purchase consideration	255,676	255,676

There was no acquisition in the year ended 31 December 2008.

(c) Acquisition of a subsidiary

On 30 September 2009, the Group acquired 100% equity interest in Qingyang Xinda Technique Engineering Limited Liability Company ("Qingyang Xinda"), Qingyang Xinda is principally engaged in the supply of liquified hydrocarbon, chemical and petroleum construction projects, sales of LPG and light oil and provide other services in Qingyang City, Gansu Province, PRC for a consideration of RMB47,090,000 (approximately HK$53,445,000). The acquired business contributed revenue of approximately HK$7,363,000 and net profit of approximately HK$2,415,000 to the Group for the period from 1 October 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, revenue would have been HK$45,738,000, and profit before allocations would have been HK$4,017,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2009, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

	2009
	HK$'000
Total purchase consideration payables as at 31 December 2009	53,445

The assets and liabilities as of 30 September 2009 arising from the acquisition are as follows:

	Fair value	**Acquiree's carrying amount**
	HK$'000	*HK$'000*
Property, plant and equipment *(Note 18)*	52,849	52,849
Available-for-sales financial assets *(Note 22)*	11,349	11,349
Cash and cash equivalents	1,298	1,298
Accounts receivable	13,233	13,233
Prepaid expenses and other current assets	4,116	4,116
Accounts payable and accrual liabilities	(29,400)	(29,400)
Fair value of net assets and total purchase consideration	53,445	53,445
Cash and cash equivalents in subsidiary acquired and cash inflow on acquisition	1,298	

There was no acquisition in the year ended 31 December 2008.

(d) Acquisition of an associate

On 20 October 2009, the Group successfully completed the acquisition of 49% equity interest in 中油中泰燃氣有限責任公司 ("Zhongyou Zhongtai"), a sino-foreign joint venture established under the PRC laws, from a fellow subsidiary at a total consideration of approximately RMB615,537,000 (approximately HK$701,973,000). Zhongyou Zhongtai is principally engaged in the construction, operation and management of city gas pipeline network and ancillary facilities, comprehensive development and utilisation and sale of liquefied petroleum gas, and provision of safety testing, maintenance and emergency repair of the city gas transportation and distribution equipment and other services in the PRC.

The share of assets and liabilities as of 20 October 2009 arising from the acquisition are as follows:

	HK$'000
Purchase consideration:	
– Cash paid	701,973
– Direct costs relating to the acquisition	2,124
	704,097
Less: 49% share of fair value of net assets acquired	(306,358)
Goodwill included in investments in associates	397,739

41 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Save as disclosed elsewhere in the consolidated financial statements, the following is a summary of significant events after the date of the statement of financial position:

(a) On 30 December 2009, the Group entered into an acquisition agreement with a non-controlling interest to acquire 92,250,000 shares of 華油天然氣股份有限公司 from the non-controlling interest, representing approximately 26.58% of the share capital of 華油天然氣股份有限公司, at a consideration of RMB260,151,000 (approximately HK$293,971,000). Upon completion of the acquisition, the Group's equity interest in 華油天然氣股份有限公司 will increase from 51.01% to 77.59%. As at 31 December 2009, a deposit amounting to approximately HK$89,161,000 (Note 24) was paid by the Company.

(b) On 15 January 2010, one of the wholly-owned subsidiary of the Group entered into the agreement with a third party to dispose of its entire 8,450 shares of CGL (Note 29) for a consideration of US$9,500,000 (equivalent to approximately HK$73,977,000) and to assign and transfer the loans to the third party for a consideration of US$1 (equivalent to approximately HK$8).

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25 March 2010 and will be submitted to the shareholders for approval at the forthcoming annual general meeting.

43 PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are limited liability companies at 31 December 2009 and 2008, are as follows:

Name of subsidiary	**Place of incorporation/ establishment**	**Nominal value of issued and fully paid ordinary shares/registered capital**	**Percentage of equity interest attributable to the Group**
Investment holdings			
FSC (B.V.I.) Limited	British Virgin Islands	US$50,000	100%
FSC Investment Holdings Limited	Hong Kong	HK$222,396,617	100%
Goldstein International Limited	British Virgin Islands	US$1	100%
Bestcode Company Limited	British Virgin Islands	US$1	100%
Thai Offshore Petroleum Limited	Thailand	Baht 175,000,000 (fully paid) Baht 125,000,000 (25% paid up)	74%
Modern Ahead Developments Limited	British Virgin Islands	US$1	100%
Bestory Company Inc.	British Virgin Islands	US$1	100%

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid ordinary shares/registered capital	Percentage of equity interest attributable to the Group
CNPC International (Caspian) Ltd	British Virgin Islands	US$100	60%
Smart Achieve Developments Limited	British Virgin Islands	US$1	100%
CNPCHK (Indonesia) Limited	British Virgin Islands	US$1	100%
Green Ever Company Limited	Hong Kong	HK$10,000,000	60%
Exploration, production and sales of crude oil in the PRC			
Hafnium Limited	British Virgin Islands	US$1	100%
Beckbury International Limited	British Virgin Islands	US$1	100%
Exploration, productions and sales of crude oil in Peru			
SAPET Development Corporation	United States of America	100 ordinary shares no par value	50% *(Note)*
SAPET Development Peru Inc	United States of America	100 ordinary shares no par value	50% *(Note)*
Exploration, production and sales of crude oil in Thailand			
Central Place Company Limited	Hong Kong	HK$1,600	100%
Sino-Thai Energy Limited	Thailand	Baht120,000,000	100%
Sino-U.S. Petroleum Inc.	United States of America	US$1,000	100%
Thai Energy Resources Limited	Thailand	Baht100,000	74%
CNPCHK (Thailand) Limited	Thailand	Baht100,000,000	100%
Exploration, production and sales of crude oil in Azerbaijan			
Fortunemate Assets Limited	British Virgin Islands	US$1	100%
Exploration, production and sales of crude oil in Indonesia			
Continental GeoPetro (Bengara-II) Limited	British Virgin Islands	US$50,000	70%
Holdings of marina club debentures and wet berths			
Marina Ventures Hong Kong Limited	Hong Kong	HK$1,000	65%
Natural gas distribution in the PRC			
CNPC Shennan Oil Technology Development Co., Ltd.	PRC	RMB102,000,000	80.39%
海口島州貿易有限公司	PRC	RMB300,000	80.39%
華油天然氣股份有限公司	PRC	RMB347,000,000	51.01%
成都華油茂源天然氣開發有限公司	PRC	RMB16,800,000	26.02%
鄂爾多斯市華氣新聖燃氣技術有限公司	PRC	RMB5,000,000	48.46%
雙流華油天然氣有限責任公司	PRC	RMB1,200,000	40.81%
大邑華油能源壓縮天然氣有限責任公司	PRC	RMB1,000,000	20.40%
淄博華油天然氣利用有限公司	PRC	RMB1,000,000	45.91%
泰安中油華氣天然氣利用有限公司	PRC	RMB30,000,000	26.02%
成都公交壓縮天然氣股份有限公司	PRC	RMB30,000,000	31.85%

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid ordinary shares/registered capital	Percentage of equity interest attributable to the Group
包頭華氣新能源開發有限責任公司	PRC	RMB14,000,000	35.71%
山東濟南華油天然氣利用有限公司	PRC	RMB10,000,000	40.81%
河北華油天然氣有限責任公司	PRC	RMB60,000,000	26.02%
涇陽華氣安然壓縮天然氣有限公司	PRC	RMB10,000,000	44.38%
內江華氣公交壓縮天然氣有限責任公司	PRC	RMB2,000,000	33.16%
安塞華油天然氣有限公司	PRC	RMB100,000,000	51.01%
鄂爾多斯市華氣達昌燃氣有限責任公司	PRC	RMB12,260,000	30.61%
華油天然氣廣安有限公司	PRC	RMB80,000,000	51.01%
中油廣安天然氣有限公司	PRC	RMB50,000,000	40.81%
內蒙古華油天然氣有限責任公司	PRC	RMB20,000,000	51.01%
陝西安然能源科技有限公司	PRC	RMB50,000,000	46.93%
巴彥淖爾華油天然氣有限責任公司	PRC	RMB50,000,000	51.01%
華油天然氣廣元有限公司	PRC	RMB100,000,000	51.01%
新疆新捷股份有限公司	PRC	RMB200,012,000	97.26%
新疆新捷燃氣有限責任公司	PRC	RMB130,780,000	68.26%
北京金捷能源投資有限公司	PRC	RMB58,130,000	97.26%
新疆中亞油氣有限責任公司	PRC	RMB10,976,000	79.96%
浙江新捷中油天然氣利用有限公司	PRC	RMB30,000,000	58.36%
河北華港燃氣有限公司	PRC	RMB131,400,000	51%
Xi'an Qinggang Clean Energy Technology Company Limited	PRC	RMB50,000,000	51%
Qingyang Xinda Technique Engineering Limited Liability Company	PRC	RMB47,000,000	51%

Note:

In accordance with the share purchase agreement dated 8 September 2001, the Group has the power to control the financial and operating policies of SAPET Development Corporation ("SAPET"). As a result, SAPET is accounted for as a subsidiary of the Company.

Since SAPET Development Peru Inc. is wholly owned by SAPET, it is also accounted for as the subsidiary of the Company.

The above list includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the period or formed a substantial portion of the assets and liabilities of the Group. To give details of all the other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities at 31 December 2009 or at any time during the year.

44 PRINCIPAL ASSOCIATES

At 31 December 2009 and 2008, the Group had interest in the following principal associates:

Name of associate	Place of incorporation/ establishment and type of legal entity	Nominal value of issued and fully paid ordinary share	Percentage of interest held by the Group	Principal activities
Aktobe	Kazakhstan, Joint-stock company	8,946,470 common shares of 1,500 tenge each	25.12% *(Note)*	Exploration and production of petroleum
中油中泰燃氣有限責任公司	PRC, equity joint venture	RMB400,152,000	49%	Natural gas distribution

Note:

The Group through 60% owned subsidiary, holds a 25.12% interest in Aktobe. The Group effectively holds 15.07% interest in Aktobe.

45 PRINCIPAL JOINTLY CONTROLLED ENTITIES

As at 31 December 2009 and 2008, the Group had interest in the following principal jointly controlled entities:

Name of jointly controlled entity	Place of incorporation/ establishment and type of legal entity	Registered capital/ particulars of issued shares	Percentage of interest in ownership and profit sharing	Principal activities and place of operations
華油鋼管有限公司	PRC, equity joint venture	RMB370,000,000	50%	Manufacturing of steel pipe in the PRC
北京中油聯合信息技術有限公司	PRC, equity joint venture	RMB30,000,000	32%	Operation of a web portal in the PRC
青島慶昕塑料有限公司	PRC, equity joint venture	RMB124,157,250	25%	Production of petro-chemical products in the PRC
Mazoon Petrogas (BVI) Limited	British Virgin Islands, limited liability company	50,000 ordinary shares of US$1 each	50%	Crude oil exploration and production in Oman
Commonwealth Gobustan Limited	Anguilla, limited liability company	26,900 ordinary shares no par value	31.41%	Crude oil exploration and production in Azerbaijan
山西國興煤層氣輸配有限責任公司	PRC, equity joint venture	RMB100,000,000	35%	Coal steam gas operation in the PRC

B. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The following is the unaudited consolidated financial information of the Company for the six months ended 30 June 2010 together with comparative figures and relevant notes as extracted from the interim report of the Company for the six months ended 30 June 2010.

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Unaudited	
		2010	**2009**
	Note	*HK$'000*	*HK$'000*
Revenue	*4*	3,726,144	2,005,725
Other gains, net	*5*	97,453	5,486
Interest income		8,927	24,217
Purchases, services and others		(1,475,997)	(937,697)
Employee compensation costs		(273,274)	(160,173)
Exploration expenses, including exploratory dry holes		(17,620)	(12,106)
Depreciation, depletion and amortisation		(404,355)	(251,857)
Selling, general and administrative expenses		(344,907)	(223,748)
Taxes other than income tax	*6*	(173,974)	(1,592)
Other expenses		(15,273)	(4,511)
Interest expenses	*7*	(69,044)	(78,183)
Share of profits less (losses) of:			
– Associates		999,902	(59,208)
– Jointly controlled entities		133,377	180,376
Profit before income tax expense	*8*	2,191,359	486,729
Income tax expense	*9*	(520,191)	(119,847)
Profit for the period		1,671,168	366,882
Other comprehensive income/(loss):			
Currency translation differences		(13,900)	(1,004,585)
Fair value (loss)/gain on available-for-sale financial assets		(17,883)	14,710
Other comprehensive loss, net of tax		(31,783)	(989,875)
Total comprehensive income/(loss) for the period		1,639,385	(622,993)

	Note	Unaudited 2010 HK$'000	2009 HK$'000
Profit for the period attributable to:			
– Owners of the Company		1,247,663	316,356
– Non-controlling interest		423,505	50,526
		1,671,168	366,882
Total comprehensive income/(loss) for the period attributable to:			
– Owners of the Company		1,214,774	(260,381)
– Non-controlling interest		424,611	(362,612)
		1,639,385	(622,993)
Earnings per share for profit attributable to owners of the Company	10		
– Basic (HK cents)		25.23	7.11
– Diluted (HK cents)		24.81	7.05

The accompanying notes are an integral part of this interim financial information.

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

	Note	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	6,262,373	5,778,135
Advanced operating lease payments		142,005	106,962
Investments in jointly controlled entities	*13*	1,219,776	1,112,544
Investments in associates	*14*	4,567,057	5,231,412
Available-for-sale financial assets		93,978	105,468
Intangibles and other non-current assets		575,891	217,080
Deferred tax assets		40,757	78,598
		12,901,837	12,630,199
Current assets			
Inventories		46,325	43,574
Accounts receivable	*15*	486,208	242,530
Prepaid expenses and other current assets		992,463	449,341
Time deposits with maturities over three months		7,786	30,644
Cash and cash equivalents		8,590,404	7,376,882
		10,123,186	8,142,971
Assets held for sale	*16*	6,276	643,587
		10,129,462	8,786,558
Total assets		23,031,299	21,416,757

	Note	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Equity			
Equity attributable to owners of the Company			
Share capital	*17*	49,540	49,365
Retained earnings		11,777,869	10,879,639
Reserves		3,222,233	3,281,531
Total equity attributable to owners of the Company		15,049,642	14,210,535
Non-controlling interest		2,512,130	2,165,151
Total equity		17,561,772	16,375,686
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	*18*	1,553,924	1,901,433
Income tax payable		197,578	83,354
Other taxes payable		194,381	128,296
Short-term borrowings	*19*	942,042	163,319
		2,887,925	2,276,402
Non-current liabilities			
Long-term borrowings	*19*	1,792,942	1,793,401
Deferred tax liabilities		781,283	963,888
Other long-term obligations		7,377	7,380
		2,581,602	2,764,669
Total liabilities		5,469,527	5,041,071
Total equity and liabilities		23,031,299	21,416,757
Net current assets		7,241,537	6,510,156
Total assets less current liabilities		20,143,374	19,140,355

The accompanying notes are an integral part of this interim financial information.

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

		Unaudited	
		2010	2009
	Note	*HK$'000*	*HK$'000*
Cash flows from operating activities		1,247,624	206,198
Cash flows from investing activities			
Dividends received from associates		1,049,986	12,866
Acquisitions of subsidiaries		(129,604)	(39,874)
Acquisitions of available-for-sale financial assets		(8,532)	–
Capital contributions to associates		(6,502)	–
Prepayments for acquisition of subsidiaries		(79,280)	–
Purchase of non-controlling interest		(322,306)	–
Capital expenditure		(1,198,908)	(273,039)
Proceeds from disposal of assets held for sale		73,978	–
Interest received		8,927	24,217
Decrease in deposits with maturities more than three months		22,858	147,542
Net cash used in investing activities		(589,383)	(128,288)
Cash flows from financing activities			
Dividends paid to owners of the Company		(346,782)	(668,854)
Dividends paid by subsidiaries to non-controlling interest		(75,833)	(7,282)
Issue of shares		21,420	17,884
Increase in borrowings	*19*	907,534	1,154,211
Repayments of borrowings	*19*	(129,270)	(1,041,686)
Interest paid		(24,982)	(50,817)
Capital contributions from non-controlling interest		203,194	–
Net cash generated from/(used in) financing activities		555,281	(596,544)
Increase/(decrease) in cash and cash equivalents		1,213,522	(518,634)
Cash and cash equivalents at 1 January		7,376,882	4,751,176
Cash and cash equivalents at 30 June		8,590,404	4,232,542

The accompanying notes are an integral part of this interim financial information.

UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

		Unaudited Attributable to owners of the Company				Non-controlling interest	Total equity
		Share capital	Retained earnings	Reserves	Sub-total		
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balances at 1 January 2009		44,408	10,419,989	386,331	10,850,728	2,339,285	13,190,013
Total comprehensive income/(loss) for the six months ended 30 June 2009		–	316,356	(576,737)	(260,381)	(362,612)	(622,993)
Transfer between reserves		–	(30,688)	30,688	–	–	–
Dividend for 2008	*11*	–	(668,854)	–	(668,854)	–	(668,854)
Recognition of equity settled share-based payments	*17*	–	–	14,123	14,123	–	14,123
Issue of shares upon exercise of share options	*17*	182	–	17,702	17,884	–	17,884
Acquisition of the Natural Gas Projects		–	–	(379,049)	(379,049)	–	(379,049)
Dividends paid by subsidiaries to non-controlling interest		–	–	–	–	(8,954)	(8,954)
		182	(383,186)	(893,273)	(1,276,277)	(371,566)	(1,647,843)
Balances at 30 June 2009		44,590	10,036,803	(506,942)	9,574,451	1,967,719	11,542,170

	Note	Unaudited Attributable to owners of the Company				Non-controlling interest	Total equity
		Share capital	Retained earnings	Reserves	Sub-total		
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balances at 1 January 2010		49,365	10,879,639	3,281,531	14,210,535	2,165,151	16,375,686
Total comprehensive income for the six months ended 30 June 2010		–	1,247,663	(32,889)	1,214,774	424,611	1,639,385
Transfer between reserves		–	(2,651)	2,651	–	–	–
Dividend for 2009	*11*	–	(346,782)	–	(346,782)	–	(346,782)
Recognition of equity settled share-based payments	*17*	–	–	42,981	42,981	–	42,981
Issue of shares upon exercise of share options	*17*	175	–	21,245	21,420	–	21,420
Dividend paid by subsidiaries to non-controlling interest		–	–	–	–	(51,796)	(51,796)
Purchase of non-controlling interest in subsidiaries	*20(ii)*	–	–	(93,286)	(93,286)	(229,020)	(322,306)
Capital contributions from non-controlling interest		–	–	–	–	203,184	203,184
		175	898,230	(59,298)	839,107	346,979	1,186,086
Balances at 30 June 2010		49,540	11,777,869	3,222,233	15,049,642	2,512,130	17,561,772

The accompanying notes are an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2010

1 ORGANISATION AND PRINCIPAL ACTIVITIES

Kunlun Energy Company Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is China National Petroleum Corporation ("CNPC") which is a company established in the People's Republic of China (the "PRC"). The immediate holding company of the Company is Sun World Limited ("Sun World"), which is a company incorporated in the British Virgin Islands. PetroChina Company Limited ("PetroChina"), a subsidiary of CNPC, is an intermediate holding company of the Company and indirectly owned 56.12% equity interest in the Company as at 30 June 2010.

The address of the Company's principal office and registered office are Room 3907-3910, 39/F, 118 Connaught Road West, Hong Kong and Clarendon House, Church Street, Hamilton HM11, Bermuda, respectively.

The Company acts as an investment holding company. The principal activities of its subsidiaries, associates and jointly controlled entities are the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan ("Kazakhstan"), the Sultanate of Oman ("Oman"), Peru, the Kingdom of Thailand ("Thailand"), the Azerbaijan Republic ("Azerbaijan") and the Republic of Indonesia ("Indonesia"), and the sale of natural gas and transmission of natural gas in the PRC.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim condensed financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited consolidated interim condensed financial information presented herein should be read in conjunction with the consolidated financial statements and notes thereto included in the annual report of the Company for the year ended 31 December 2009.

Except as described below, the accounting policies and methods of computation applied in the preparation of the unaudited consolidated interim condensed financial information are consistent with those of the consolidated financial statements for the year ended 31 December 2009.

The consolidated interim condensed financial information as of 30 June 2010 and for the six months ended 30 June 2010 and 2009 included herein are unaudited but reflect, in the opinion of the Board of Directors, all adjustments (which include only normal recurring adjustments) necessary to properly prepare the unaudited consolidated interim condensed financial information, in all material respects, in accordance with HKAS 34. The results of operations for the six months ended 30 June 2010 are not necessarily indicative of the results of operations expected for the year ending 31 December 2010.

Costs that are incurred unevenly during the financial year are accrued or deferred in the unaudited consolidated interim condensed financial information only if it would be also appropriate to accrue or defer such costs at the end of the financial year.

The following new amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for or their impact is not material to the Group for the six months ended 30 June 2010.

HKAS 1 (Amendment)	Capital Disclosures
HKAS 17	Leases
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRSs (Amendment)	Second Improvements to HKFRS 2009

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's unaudited consolidated interim condensed financial information.

(a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision making process. They are also an important element in testing for impairment. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the Group's consolidated financial information for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans.

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets in these years, whereas unfavourable changes may cause the assets to become impaired.

(c) Estimation of residual values of property, plant and equipment

The Group's management determines the estimated residual values for the Group's property, plant and equipment, other than oil and gas properties. This estimate is based on the historical experience of the actual residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the oil and gas industry. Management will adjust the depreciation charge where residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual residual values may differ from estimated residual values. Periodic review could result in a change in residual values and therefore depreciation in the future periods.

4 REVENUE AND TURNOVER

Turnover represents revenue from the sale of crude oil and natural gas. Analysis of revenue by segment is shown in Note 21.

5 OTHER GAINS, NET

	Unaudited For the six months ended 30 June	
	2010	**2009**
	HK$'000	*HK$'000*
Net exchange gains/(losses)	19,352	(4,919)
Gains on disposal of assets held for sale *(Note 16)*	52,306	–
Others	25,795	10,405
	97,453	5,486

6 TAXES OTHER THAN INCOME TAX

Taxes other than income tax for the six months ended 30 June 2010 include HK$162,292,000 (six months ended 30 June 2009: HK$1,592,000) special levy which were paid or payable on the portion of income realised from the sales of domestically-produced crude oil at prices above a certain level.

7 INTEREST EXPENSES

	Unaudited For the six months ended 30 June	
	2010	**2009**
	HK$'000	*HK$'000*
Interest on		
Bank loans, wholly repayable within five years	5,242	22,562
Loans other than bank loans, wholly repayable within five years, from:		
– Fellow subsidiaries	63,802	10,341
– Non-controlling interest of subsidiaries	–	6,684
Loans other than bank loans, not wholly repayable within five years, from a fellow subsidiary	–	38,596
	69,044	78,183

8 PROFIT BEFORE INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2010	**2009**
	HK$'000	*HK$'000*
Items debited in arriving at the profit before income tax expense include:		
Amortisation on advanced operating lease payments, intangibles and other non-current assets	572	1,705
Cost of inventories recognised as expense	2,107,703	1,189,554
Provision for loans to and amounts due from jointly controlled entities	–	4,511
Operating lease expenses	18,162	3,528

9 INCOME TAX EXPENSE

	Unaudited For the six months ended 30 June	
	2010	**2009**
	HK$'000	*HK$'000*
Current tax		
– PRC	159,957	65,007
– Overseas	370,668	42,522
	530,625	107,529
Deferred tax	(10,434)	12,318
	520,191	119,847

Hong Kong profits tax has not been provided for as the Group has no assessable profit for the period (Six months ended 30 June 2009: Nil).

The Group's subsidiaries in Mainland China are subject to corporate income tax of Mainland China at a statutory rate of 25.00% for the six months ended 30 June 2010 (Six months ended 30 June 2009: 25.00%).

The Group's certain subsidiaries operating in certain regions in Mainland China are qualified for certain tax incentives in a form of reduced corporation income tax rate. For the six months ended 30 June 2010, those subsidiaries enjoy preferential income tax rates ranging from 10.00% to 20.00% (Six months ended 30 June 2009: 10.00% to 20.00%).

Income tax expense on overseas (other than the PRC) profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

Included in overseas income tax expense is withholding tax of HK$209,997,000 (Six months ended 30 June 2009: HK$2,573,000) in respect of dividend received from an associate, CNPC-Aktobemunaigas Joint Stock Company, which is charged at 20.00% (Six months ended 30 June 2009: 20.00%).

There is no tax impact relating to components of other comprehensive income for the six months ended 30 June 2010 (Six months ended 30 June 2009: Nil).

10 BASIC AND DILUTED EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the Group's profit attributable to owners of the Company of approximately HK$1,247,663,000 (Six months ended 30 June 2009: HK$316,356,000) and weighted average number of ordinary shares in issue during the period of approximately 4,944,244,000 shares (Six months ended 30 June 2009: 4,450,012,000 shares).

(b) Diluted earnings per share is calculated based on the profit attributable to owners of the Company of approximately HK$1,247,663,000 (Six months ended 30 June 2009: HK$316,356,000), and the weighted average number of ordinary shares of approximately 5,029,477,000 shares (Six months ended 30 June 2009: 4,488,349,000 shares) which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of dilutive potential ordinary shares in respect of share options of approximately 85,233,000 shares (Six months ended 30 June 2009: 38,337,000 shares) deemed to be issued at nil consideration if all outstanding share options granted had been exercised.

11 DIVIDENDS

(a) Final dividend attributable to owners of the Company in respect of 2008 of HK15 cents per share amounting to a total of HK$668,854,000 were approved by the shareholders in the Annual General Meeting on 14 May 2009 and were paid on 1 June 2009.

(b) Final dividend attributable to owners of the Company in respect of 2009 of HK7 cents per share amounting to a total of HK$345,557,000 were approved by the shareholders in the Annual General Meeting on 10 June 2010. The amount is based on approximately 4,936,524,000 shares in issue as at 25 March 2010.

(c) The actual final dividend for 2009 was approximately HK$346,782,000 due to additional shares issued during the period from 26 March 2010 to 30 April 2010, the date of closure of the register of members, and were paid on 15 June 2010

(d) The Directors do not recommend a payment of an interim dividend for the six months ended 30 June 2010 (Six months ended 30 June 2009: Nil).

12 PROPERTY, PLANT AND EQUIPMENT

	Unaudited For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Cost		
At 1 January	12,186,058	10,467,860
Additions	888,021	264,355
Currency translation differences	–	(3,011)
At 30 June	13,074,079	10,729,204
Accumulated depletion, depreciation and impairment		
At 1 January	6,407,923	5,811,101
Charge for the period	403,783	250,152
Currency translation differences	–	(469)
At 30 June	6,811,706	6,060,784
Net book value at 30 June	6,262,373	4,668,420

13 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Unaudited 30 June 2010	Audited 31 December 2009
	HK$'000	*HK$'000*
Share of net assets	1,174,870	1,067,638
Loans to jointly controlled entities	44,906	44,906
	1,219,776	1,112,544

Movements in share of net assets of jointly controlled entities for the six months ended 30 June 2010 are as follows:

	Unaudited For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
At 1 January	1,067,638	889,624
Share of profits	133,377	180,376
Dividend income received and receivable	(19,869)	(19,115)
Share of exchange reserves	–	3,954
Transferred to assets held for sale *(Note 16)*	(6,276)	–
At 30 June	1,174,870	1,054,839

Loans to jointly controlled entities are unsecured and interest free and not repayable within one year.

Dividends received and receivable from jointly controlled entities amounted to approximately HK$19,869,000 for the six months ended 30 June 2010 (Six months ended 30 June 2009: HK$19,115,000).

14 INVESTMENTS IN ASSOCIATES

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Share of net assets	4,169,318	4,833,673
Goodwill	397,739	397,739
	4,567,057	5,231,412

Movements in share of net assets of associates for the six months ended 30 June 2010 are as follows:

	Unaudited For the six months ended 30 June	
	2010 *HK$'000*	2009 *HK$'000*
At 1 January	4,833,673	5,164,024
Currency translation differences	–	(1,196)
Capital contributions	6,502	–
Share of profits less (losses)	999,902	(59,208)
Dividend income received and receivable	(1,670,759)	(12,866)
Share of exchange reserves	–	(985,147)
At 30 June	4,169,318	4,105,607

Dividends received and receivable from associates are approximately HK$1,670,759,000 for the six months ended 30 June 2010 (Six months ended 30 June 2009: HK$12,866,000).

15 ACCOUNTS RECEIVABLE

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Accounts receivable due from		
– Third parties	242,796	151,132
– Related parties	243,412	91,398
	486,208	242,530

Amounts due from related parties are unsecured and interest free.

The ageing analysis of accounts receivable at 30 June 2010 and 31 December 2009 is as follows:

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Within 3 months	453,928	218,663
Between 3 to 6 months	14,597	–
Over 6 months	17,683	23,867
	486,208	242,530

The Group's sales of crude oil are generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales of natural gas are made in cash or on credit terms no more than 90 days. As at 30 June 2010, accounts receivable of HK$32,280,000 (31 December 2009: HK$23,867,000) were past due but for which the Group has not provided for impairment losses. These accounts receivable relate to companies for whom there is no recent history of default. The ageing analysis of the accounts receivable which are past due but not impaired is disclosed in the above ageing analysis.

16 ASSETS HELD FOR SALE

The major classes of assets classified as held for sale are as follows:

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Property, plant and equipment *(Note (i))*	–	567,867
Advanced operating lease payments *(Note (i))*	–	5,637
Investments in jointly controlled entities *(Notes (ii) and (iii))*	6,276	70,083
	6,276	643,587

Notes:

(i) As at 31 December 2009, the assets related to the transmission of crude oil business ("Pipeline Business"), which was part of the Natural Gas Distribution segment, has been presented as held for sale following the Group's decision to dispose of this operation in service provision for crude oil transmission. On 18 December 2009, the Group entered into a disposal agreement with PetroChina to dispose of its entire interest in the Pipeline Business at a consideration of approximately RMB584,827,000 (approximately HK$663,747,000) which has been received as at 31 December 2009 and classified as receipt in advance (Note 18). On 28 January 2010, the disposal was completed resulting in a gain on disposal of approximately HK$48,412,000 recognised during the six months ended 30 June 2010 (Note 5).

(ii) Pursuant to an agreement dated 15 January 2010, the Group disposed of its entire interest in a jointly controlled entity, Commonwealth Gobustan Limited ("CGL") for the consideration of US$9,500,000 (approximately HK$73,910,000). Accordingly, the Group classified CGL as held for sale as at 31 December 2009. On 7 April 2010, the disposal was completed resulting in a gain on disposal of approximately HK$3,894,000 recognised during the six months ended 30 June 2010 (Note 5).

(iii) Pursuant to an agreement dated 14 May 2010, the Group disposed of its entire interest in a jointly controlled entity, Beijing Zhongyou Company Limited ("Beijing Zhongyou"), for the consideration of RMB5,578,000 (approximately HK$6,331,000). As at 30 June 2010, the completion of the transaction is still subject to the finalisation of certain conditions precedent as set out in the agreement. Accordingly, the Group classified Beijing Zhongyou as held for sale as at 30 June 2010.

17 SHARE CAPITAL AND SHARE OPTION SCHEMES

(a) Share capital

	Number of ordinary shares *'000*	Nominal value of ordinary shares *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 31 December 2009 and 30 June 2010	8,000,000	80,000
Issue and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 January 2009	4,440,784	44,408
Issue of shares upon exercise of share options *(Note)*	18,240	182
At 30 June 2009	4,459,024	44,590
At 1 January 2010	4,936,524	49,365
Issue of shares upon exercise of share options *(Note)*	17,500	175
At 30 June 2010	4,954,024	49,540

Note:

During the period, the Company allotted and issued 17,500,000 shares (Six months ended 30 June 2009: 18,240,000 shares) of HK$0.01 each for cash at the exercise price of HK$1.224 (Six months ended 30 June 2009: HK$0.940 to HK$1.224) per share as a result of the exercise of share options.

(b) Share option scheme

Pursuant to executive share option scheme of the Company dated 3 June 2002 and the resolution of the Company passed on 26 March 2010, 8,300,000 and 7,000,000 share options have been granted to directors and employees of the Company, respectively.

All of the options are vested to the option holders after 3 months from the date on which the options were granted. The exercise period of the options is 5 years from the grant date.

The closing price of the Company's shares immediately before 26 March 2010, the date of grant of the options, was HK$10.320.

The fair values of share options granted on 26 March 2010 were calculated using the Binomial model. The inputs into the model were as follows:

	Directors	Employees
Share price at grant date	HK$10.320	HK$10.320
Exercise price	HK$10.320	HK$10.320
Expected volatility	50.10%	50.10%
Risk-free rate	1.865%	1.865%
Expected dividend yield	3.42%	3.42%
Exercise multiple	2	1.5

Expected volatility was determined by using the historical volatility of the Company's share price over the previous five years.

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the independent professional valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The fair values of the options granted to directors and employees of the Company during the period are HK$22,264,000 (Six months ended 30 June 2009: HK$7,778,000) and HK$20,717,000 (Six months ended 30 June 2009: HK$6,345,000) respectively.

The number of shares in respect of which options had been granted and outstanding at 30 June 2010 under the 2002 Share Option Scheme was 143,500,000 shares (31 December 2009: 145,700,000 shares), representing 2.90% (31 December 2009: 2.95%) of the issued share capital of the Company at 30 June 2010.

Details of the options granted under the scheme outstanding as at 30 June 2010 and 31 December 2009 are as follows:

	Date of grant	Exercise period	Exercise price	Number of shares subject to the options	
				30 June 2010	31 December 2009
Directors	08/01/2007	08/04/2007-07/01/2012	HK$4.186	55,000,000	55,000,000
	26/05/2008	26/08/2008-25/05/2013	HK$4.240	7,100,000	7,100,000
	26/03/2009	26/06/2009-25/03/2014	HK$3.250	7,100,000	7,100,000
	26/03/2010	26/06/2010-25/03/2015	HK$10.320	8,300,000	–
Employees	27/04/2005	27/07/2005-26/04/2010	HK$1.224	–	17,500,000
	08/01/2007	08/04/2007-07/01/2012	HK$4.186	25,000,000	25,000,000
	14/09/2007	14/12/2007-13/09/2012	HK$4.480	20,000,000	20,000,000
	26/05/2008	26/08/2008-25/05/2013	HK$4.240	7,000,000	7,000,000
	26/03/2009	26/06/2009-25/03/2014	HK$3.250	7,000,000	7,000,000
	26/03/2010	26/06/2010-25/03/2015	HK$10.320	7,000,000	–
				143,500,000	145,700,000

18 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Accounts payable		
– Third parties	108,311	207,139
– Related parties	481,051	216,705
	589,362	423,844
Advances from customers	94,784	69,909
Salaries and welfare payable	47,926	71,291
Accrued expenses	236,198	18,476
Dividends payable by subsidiaries to non-controlling interest	19,813	43,850
Interest payable	111,641	67,578
Construction fee and equipment cost payables	81,972	119,825
Amounts due to related parties		
– Non-controlling interest	49,058	49,058
– Others	2,334	2,334
Consideration payables	81,296	168,789
Receipts in advance *(Note 16)*	–	663,747
Other payables	239,540	202,732
	1,553,924	1,901,433

Balances with related parties are unsecured, interest free and with no fixed terms of repayment.

The ageing analysis of accounts payable at 30 June 2010 and 31 December 2009 is as follows:

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Within 3 months	275,237	327,876
Between 3 to 6 months	73,609	64
Over 6 months	240,516	95,904
	589,362	423,844

19 BORROWINGS

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Short-term borrowings		
– Secured	–	14,754
– Unsecured	942,042	148,565
	942,042	163,319
Long-term borrowings – Unsecured	1,792,942	1,793,401
	2,734,984	1,956,720

As at 31 December 2009, secured short-term borrowings were secured by property, plant and equipment and advanced operating lease payments and assets held for sale with aggregate carrying values of HK$40,753,000.

The movements in the borrowings can be analysed as follows:

	Unaudited	
	2010 *HK$'000*	2009 *HK$'000*
At 1 January	1,956,720	2,270,571
Increase in borrowings	907,534	1,154,211
Repayments of borrowings	(129,270)	(1,041,686)
At 30 June	2,734,984	2,383,096

The borrowings can be analysed as follows:

	Short-term borrowings		Long-term borrowings	
	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Bank loans, wholly repayable within five years	–	14,754	39,301	–
Loans other than bank loans				
– Wholly repayable within five years	942,042	148,565	1,753,641	828,510
– Not wholly repayable within five years	–	–	–	964,891
	942,042	163,319	1,792,942	1,793,401

As at 30 June 2010 and 31 December 2009, the Group's short-term borrowings were repayable within one year and the Group's long-term borrowings were repayable as follows:

	Bank loans		Loans other than bank loans	
	Unaudited 30 June 2010	Audited 31 December 2009	Unaudited 30 June 2010	Audited 31 December 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Between one to two years	5,895	–	374,569	397,268
Between two to five years	33,406	–	1,379,072	1,203,155
After five years	–	–	–	192,978
	39,301	–	1,753,641	1,793,401

As at 30 June 2010 and 31 December 2009, the loans other than bank loans were from fellow subsidiaries and non-controlling interest of subsidiaries, unsecured and bore interest ranging from 4.30% to 8.00% per annum.

As at 30 June 2010, the carrying values of borrowings approximate their fair values due to short maturity except for the amount of HK$1,753,641,000 (31 December 2009: HK$1,793,401,000) whose fair value is approximately HK$2,142,217,000 (31 December 2009: HK$2,074,372,000) and the fair value is based on cash flows discounted using a rate based on the borrowing rate ranged from 0.29% to 4.50% (31 December 2009: 0.23% to 4.32%).

20 SUBSIDIARIES

The principal subsidiaries of the Group are:

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid ordinary shares/registered capital	Type of legal entity	Percentage of equity interest attributable to the Group
Exploration, production and sales of crude oil in the PRC				
Hafnium Limited	British Virgin Islands	US$1	Limited liability company	100.00%
Beckbury International Limited	British Virgin Islands	US$1	Limited liability company	100.00%
Exploration, productions and sales of crude oil in Peru				
SAPET Development Corporation ("SAPET")	United States of America	100 ordinary shares no par value	Limited liability company	50.00% *(Note (i))*
SAPET Development Peru Inc	United States of America	100 ordinary shares no par value	Limited liability company	50.00% *(Note (i))*
Exploration, production and sales of crude oil in Thailand				
Central Place Company Limited	Hong Kong	HK$1,600	Limited liability company	100.00%
Sino-U.S. Petroleum Inc.	United States of America	US$1,000	Limited liability company	100.00%

Name of subsidiary	Place of incorporation/ establishment	Nominal value of issued and fully paid ordinary shares/registered capital	Type of legal entity	Percentage of equity interest attributable to the Group
CNPCHK (Thailand) Limited	Thailand	Baht100,000,000	Limited liability company	100.00%
Exploration, production and sales of crude oil in Azerbaijan				
Fortunemate Assets Limited	British Virgin Islands	US$1	Limited liability company	100.00%
Exploration, production and sales of crude oil in Indonesia				
Continental GeoPetro (Bengara-II) Limited	British Virgin Islands	US$50,000	Limited liability company	70.00%
Natural gas distribution in the PRC				
CNPC Shennan Oil Technology Development Co., Ltd.	PRC	RMB102,000,000	Limited liability company	80.39%
華油天然氣股份有限公司 ("Huayou")	PRC	RMB347,000,000	Limited liability company	77.59% *(Note (ii))*
新疆新捷股份有限公司	PRC	RMB516,096,000	Limited liability company	97.26%
河北華港燃氣有限公司	PRC	RMB200,000,000	Sino-foreign equity joint venture	51.00%
Xi'an Qinggang Clean Energy Technology Company Limited	PRC	RMB50,000,000	Sino-foreign equity joint venture	51.00%
Xing Jing Bridge Energy Limited	PRC	RMB266,250,000	Limited liability company	75.00%

Notes:

(i) In accordance with the share purchase agreement dated 8 September 2001, the Group has the power to control the financial and operating policies of SAPET. As a result, SAPET is accounted for as a subsidiary of the Company.

Since SAPET Development Peru Inc. is wholly owned by SAPET, it is also accounted for as a subsidiary of the Company.

(ii) Purchase of non-controlling interest in subsidiaries during the six months ended 30 June 2010 mainly included the acquisition of an additional 26.58% equity interest in Huayou. On 30 December 2009, the Group entered into an acquisition agreement with a non-controlling interest to acquire 92,250,000 shares in Huayou, representing approximately 26.58% equity interest in Huayou, at a consideration of RMB260,151,000 (approximately HK$293,971,000). The Group's equity interest in Huayou increased from 51.01% to 77.59%. The carrying amount of the non-controlling interest in Huayou on the date of acquisition was HK$209,190,000. The Group recognised a decrease in non-controlling interest of approximately HK$209,190,000 and a decrease in equity attributable to owners of the Company of HK$84,781,000.

Effects of transactions with non-controlling interests on the equity attributable to the owners of the Company for the six months ended 30 June 2010:

	HK$'000
Total comprehensive income for the period attributable to the owners of the Company	1,214,774
Changes in equity attributable to the owners of the Company arising from:	
– Acquisition of non-controlling interest in Huayou	(84,781)
– Acquisition of non-controlling interest in other subsidiaries	(8,505)
Net effect for transactions with non-controlling interests on changes in equity attributable to the owners of the Company	(93,286)
	1,121,488

21 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker which is determined as the Board of Directors of the Company.

The Group organises its business around products and services. From the products and services perspective, the Group is engaged in a broad range of petroleum related activities and derives its revenue from its two operating segments: Exploration and Production, and Natural Gas Distribution.

The Exploration and Production segment is engaged in the exploration, development, production and sale of crude oil and natural gas. It is further evaluated on a geographic basis (PRC, South America and other territories).

The Natural Gas Distribution segment is engaged in the sale of natural gas and the transmission of natural gas in the PRC.

No sales between operating segments are undertaken. The Board of Directors assesses the performance of the operating segments based on each segment's profit/loss before income tax expense, share of profits less losses of associates and jointly controlled entities ("segment results").

Total assets exclude deferred and current taxes, available-for-sale financial assets, investments in associates and jointly controlled entities, all of which are managed on a central basis ("segment assets").

Corporate income and expenses, net, mainly refers to interest income earned from time deposits with maturities over three months and cash and cash equivalents, and general and administrative expenses incurred at corporate level.

Corporate assets mainly comprise time deposits with maturities over three months and cash and cash equivalents held at corporate level.

The segment information provided to the Board of Directors for the reportable segments for the six months ended 30 June 2010 and 2009 are as follows:

	Unaudited					
	Exploration and Production			Natural Gas Distribution	Corporate	Total
	PRC	South America	Others	PRC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2010						
Revenue from external customers	1,475,686	383,711	380,736	1,486,011	–	3,726,144
Segment results	633,670	192,671	7,811	270,944	(47,016)	1,058,080
Share of profits less (losses) of:						
– Associates						999,902
– Jointly controlled entities						133,377
Profit before income tax expense						2,191,359
Income tax expense						(520,191)
Profit for the period						1,671,168
Segment results included:						
Interest income	2,534	111	241	3,002	3,039	8,927
Depreciation, depletion and amortisation	156,184	28,018	140,695	79,251	207	404,355
Interest expenses	–	–	42,940	26,104	–	69,044
As at 30 June 2010						
Non-current assets	2,740,358	384,281	1,111,822	2,671,086	72,722	6,980,269
Current assets	2,520,713	158,199	1,608,657	2,794,872	3,006,823	10,089,264
Segment assets	5,261,071	542,480	2,720,479	5,465,958	3,079,545	17,069,533
Investments in jointly controlled entities						1,219,776
Investments in associates						4,567,057
Available-for-sale financial assets						93,978
Deferred tax assets						40,757
Prepaid income tax						40,198
Total assets						23,031,299

	Unaudited					
	Exploration and Production			Natural Gas Distribution	Corporate	Total
	PRC	South America	Others	PRC		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the six months ended 30 June 2009						
Revenue from external customers	724,534	198,588	208,583	874,020	–	2,005,725
Segment results	167,192	86,260	(23,341)	169,624	(34,174)	365,561
Share of profits less (losses) of:						
– Associates						(59,208)
– Jointly controlled entities						180,376
Profit before income tax expense						486,729
Income tax expense						(119,847)
Profit for the period						366,882
Segment results included:						
Interest income	15,537	1,018	1,880	1,834	3,948	24,217
Depreciation, depletion and amortisation	142,337	15,891	42,617	50,696	316	251,857
Interest expenses	–	–	38,596	39,587	–	78,183
As at 31 December 2009						
Non-current assets	2,463,406	276,741	1,187,567	2,040,387	96,903	6,065,004
Current assets	1,912,030	204,504	296,679	2,305,995	4,067,350	8,786,558
Segment assets	4,375,436	481,245	1,484,246	4,346,382	4,164,253	14,851,562
Investments in jointly controlled entities						1,112,544
Investments in associates						5,231,412
Available-for-sale financial assets						105,468
Deferred tax assets						78,598
Prepaid income tax						37,173
Total assets						21,416,757

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of domicile of the Company.

For the six months ended 30 June 2010, revenue of approximately HK$1,957,659,000 (Six months ended 30 June 2009: HK$923,122,000) are derived from two single external customers. The revenue is attributable to the Exploration and Production and Natural Gas segments.

22 COMMITMENTS

(a) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land and buildings and equipment. Leases range from 1 to 15 years and usually do not contain renewal options. Future minimum lease payments as of 30 June 2010 and 31 December 2009 under non-cancellable operating leases are as follows:

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Not later than 1 year	27,529	14,033
Later than 1 year and not later than 5 years	94,885	40,932
More than 5 years	84,590	118,647
	207,004	173,612

(b) Capital commitments

	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
Contracted but not provided for:		
Development cost under the Xinjiang Contract	66,971	133,943
Development cost under the Leng Jiapu Contract	419,317	419,317
Development cost for Azerbaijan Kursangi and Kurabagli oil field	54,281	106,843
Acquisitions of/capital contributions to investments *(Note)*	702,917	232,049
Other property, plant and equipment	1,441,740	559,015
	2,685,226	1,451,167
Authorised but not contracted for:		
Development cost for Onshore Exploration Block No. L21/43 in Thailand	104,652	137,051
Development cost for Indonesia Bengara-II	169,227	169,227
Development cost for Peru Talara oil field	118,389	223,409
Development cost for Oman oil field	48,383	115,442
Acquisitions of/capital contributions to investments	839,241	725,593
Other property, plant and equipment	5,001,702	6,452,584
	6,281,594	7,823,306

Note:

The Group's committed investments as at 30 June 2010 mainly included the acquisition of PetroChina LNG Jiangsu Co., Ltd.. On 17 May 2010, the Group entered into an acquisition agreement with PetroChina to acquire 55.00% equity interest in PetroChina Jiangsu LNG Co., Ltd. at a cash consideration of RMB500,206,000 (equivalent to approximately HK$567,707,000). As of the date of this financial information, the completion of the transaction is still subject to the finalisation of certain conditions precedent as set out in the acquisition agreement.

23 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC Government. The PRC Government is the ultimate controlling party of the Company. Related parties include CNPC and its subsidiaries, other state-owned enterprises and their subsidiaries which the PRC Government has control, joint control or significant influence over and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members. In addition to the related party information shown elsewhere in this unaudited consolidated interim condensed financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period and balances arising from related party transactions at the end of the period indicated below:

(a) Transactions with CNPC and its subsidiaries and associates

The Group has extensive transactions with other companies in the CNPC Group. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of the CNPC Group are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with the CNPC Group and associates of the Group which were carried out in the ordinary course of business, are as follows:

(i) The Group entered into (i) the Xinjiang Contract and the Leng Jiapu Contract (together, the "PSAs") with the CNPC Group in 1996 and 1997 respectively and (ii) the Master Agreement in 2003, which was subsequently amended in 2006 pursuant to the First Supplemental Agreement.

On 25 March 2009 and 19 May 2010, the Group and CNPC entered into the Second and Third Supplemental Agreements for expansion of the scope of products and services to be provided by the CNPC Group under the Master Agreement, and also for the extension of the term of the Master Agreement to expire on 31 December 2011.

Under the PSAs, the Group procures from the CNPC Group on a continuing basis certain services and assistance such as personnel training, leasing of warehouses and terminal facilities and utilisation of transportation and communication facilities. Whereas, the Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group in relation to its oil exploration and production projects.

- Provision of products and services by the CNPC Group to the Group in relation to oil exploration and production projects amounted to approximately HK$407,694,000 (Six months ended 30 June 2009: HK$501,608,000) in the six months ended 30 June 2010.

- Purchase of the Group's share of crude oil production by the CNPC Group amounted to approximately HK$1,475,686,000 (Six months ended 30 June 2009: HK$865,519,000) in the six months ended 30 June 2010.

- Supply of crude oil, natural gas, refined oil products, chemical products and other ancillary or similar products by the CNPC Group to the Group amounted to approximately HK$452,806,000 (Six months ended 30 June 2009: HK$463,016,000) in the six months ended 30 June 2010.

- Assistance fee paid to the CNPC Group amounted to approximately HK$347,000 (Six months ended 30 June 2009: HK$211,000) in the six months ended 30 June 2010.

- Training fee paid to the CNPC Group amounted to approximately HK$443,000 (Six months ended 30 June 2009: HK$55,000) in the six months ended 30 June 2010.

(ii) Purchases of financial service principally represent interest charged on the loans and advances obtained from CNPC and fellow subsidiaries, insurance fee, etc. The total amount of these transactions amounted to approximately HK$63,802,000 in the six months ended 30 June 2010 (Six months ended 30 June 2009: HK$48,397,000). Information on loans from related parties is included in Note 7.

(iii) The Group has entered into agreements for the sales of natural gas to fellow subsidiaries of the CNPC Group and certain associates of the Group amounted to approximately HK$135,744,000 in the six months ended 30 June 2010 (Six months ended 30 June 2009: HK$22,350,000).

(b) Key management compensation

	Unaudited For the six months ended 30 June	
	2010	**2009**
	HK$'000	*HK$'000*
Salaries and allowances	5,100	6,850
Retirement benefits – defined contribution scheme	637	637
Share-based payments	28,392	10,497
	34,129	17,984

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC, its subsidiaries, associates and jointly controlled entities, the Group has transactions with other state-controlled entities include but not limited to (i) sales and purchases of goods and services; (ii) purchases of assets; (iii) lease of assets; and (iv) bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

24 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

Save as disclosed elsewhere in this unaudited consolidated interim condensed financial information, the following is a summary of significant events after the date of the statement of financial position:

(a) On 17 August 2010, the Group entered into a joint venture agreement with a third party, pursuant to which the parties agreed to establish a sino-foreign co-operative joint venture in the PRC, PetroChina Tianjin Natural Gas Pipeline Company Limited ("Tianjin Pipeline"), which will principally engage in gas pipeline construction and operation; coordination in gas supply to Tianjin; natural gas processing, storage, transmission and related operations; supply and sale of natural gas, compressed natural gas and liquefied natural gas and related operations; and leasing of gas facilities and equipment. Pursuant to the agreement, the expected total investment cost in Tianjin Pipeline is RMB1,500,000,000 (approximately HK$1,702,417,000). The total registered capital of Tianjin Pipeline is RMB500,000,000 (approximately HK$567,472,000). The Company and the third party have agreed to inject 51.00% and 49.00% of the total registered capital into Tianjin Pipeline respectively. The total amount for the initial capital injection by both parties is RMB100,000,000 (approximately HK$113,494,000) payable in cash.

(b) On 26 August 2010, the Group entered into a joint venture agreement with two third parties, pursuant to which the parties agreed to establish a sino-foreign co-operative joint venture in the PRC, Cangzhou Gas Limited Company PetroChina ("Cangzhou Gas"), which will principally engage in investment, operation and management of city gas pipeline infrastructure in the PRC, transmission of pipeline gas to residents, governmental buildings, commercial and industrial users, construction and operation of gas stations, development and application of petroleum, natural gas and other related technologies. Pursuant to the agreement, the expected total investment cost in Cangzhou Gas is RMB300,000,000 (approximately HK$340,483,000). The total registered capital of Cangzhou Gas is RMB100,000,000 (approximately HK$113,494,000). The Company and the two third parties have agreed to inject 51.00%, 40.00% and 9.00% of the total registered capital into Cangzhou Gas respectively.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

19 February 2011

The Directors
Kunlun Energy Company Limited

Dear Sirs,

We report on the financial information of PetroChina Beijing Gas Pipeline Co., Ltd (the "Target Company") and its subsidiary (together, the "Target Group") which comprises the consolidated and company statements of financial position of the Target Company as at 31 December 2007, 2008 and 2009 and 30 September 2010, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Company for each of the years ended 31 December 2007, 2008 and 2009 and the nine months ended 30 September 2010 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes (the "Financial Information"). The Financial Information has been prepared by the directors of Kunlun Energy Company Limited (the "Company") (the "Directors") and is set out in Sections I to III below for inclusion in Appendix III of the circular of the Company dated 19 February 2011 (the "Circular") in connection with the proposed acquisition of the Target Company from PetroChina Company Limited ("PetroChina") by the Company.

The Target Company was established in the People's Republic of China (the "PRC") on 14 December 1991 as a state-owned enterprise and transformed into a limited liability company on 31 July 2002 under the Company Law of the PRC.

As at the date of this report, the Target Company has direct interest in a subsidiary as set out in Note 19 of Section II below.

All companies comprising the Target Group have adopted 31 December as their financial year end date.

The consolidated financial statements of the Target Company for each of the years ended 31 December 2007, 2008 and 2009 which were prepared in accordance with the Accounting Standards for Business Enterprises (the "ASBE") issued by the Ministry of Finance of the PRC, were not audited by any auditor. The consolidated financial statements of the Target Company for the nine months ended 30 September 2010 prepared in accordance with the ASBE were audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company ("普華永道中天會計師事務所有限公司"), a certified public accountant in the PRC, pursuant to separate terms of engagement with PetroChina.

The Financial Information has been prepared based on the unaudited consolidated financial statements or, where appropriate, audited consolidated financial statements of the Target Company after making such adjustments as are appropriate.

Directors' responsibility for the Financial Information

The directors of the Target Company during the Relevant Periods are responsible for the preparation and the fair presentation of the consolidated financial statements of the Target Company in accordance with the ASBE. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting policies presently adopted by the Company and its subsidiaries (together, the "Group") as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as set out in Appendix II of the Circular. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Target Company and of the Target Group as at 31 December 2007, 2008 and 2009 and 30 September 2010 and of the Target Group's results and cash flows for each of the Relevant Periods then ended.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix III of the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Target Company for the nine months ended 30 September 2009 and a summary of significant accounting policies and other explanatory notes (the "Stub Period Comparative Financial Information").

The Directors are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Notes 2 and 3 of Section II below which are in conformity with HKFRS and accounting

policies presently adopted by the Group as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2009 as set out in Appendix II of the Circular.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Notes 2 and 3 of Section II below which are in conformity with HKFRS.

I FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the Financial Information of the Target Group prepared by the Directors for the Relevant Periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Nine months ended 30 September	
	Note	**2007**	**2008**	**2009**	**2009**	**2010**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*6*	3,897,392	5,333,600	6,147,541	4,165,022	5,079,875
Other (losses)/gains, net	*7*	(7,969)	1,389	1,626	2,019	221
Interest income	*8*	8,653	8,236	26,687	21,660	4,308
Purchases, services and others		(555,420)	(680,640)	(844,736)	(492,752)	(865,391)
Employee compensation costs	*9*	(82,435)	(106,193)	(131,913)	(66,179)	(83,160)
Depreciation and amortisation		(1,115,669)	(1,176,517)	(1,332,073)	(952,248)	(1,211,135)
Selling, general and administrative expenses		(74,781)	(127,548)	(144,430)	(106,600)	(129,693)
Taxes other than income tax		(127,583)	(174,323)	(201,151)	(134,698)	(166,577)
Other (expenses)/income		(10,428)	1,231	–	–	–
Interest expenses	*10*	(242,750)	(240,603)	(213,555)	(134,665)	(164,642)
Profit before income tax expense	*11*	1,689,010	2,838,632	3,307,996	2,301,559	2,463,806
Income tax expense	*12*	(574,084)	(725,408)	(827,557)	(575,949)	(607,683)
Profit and total comprehensive income for the year/period		1,114,926	2,113,224	2,480,439	1,725,610	1,856,123
Profit and total comprehensive income for the year/period attributable to:						
– Owners of the Target Company	*13*	1,113,654	2,111,719	2,479,411	1,724,775	1,855,891
– Non-controlling interest		1,272	1,505	1,028	835	232
		1,114,926	2,113,224	2,480,439	1,725,610	1,856,123

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 1 January 2007	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 September 2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
Non-current assets						
Property, plant and equipment	*16*	11,817,081	12,314,339	14,010,804	18,976,532	21,018,571
Investment properties	*17*	38,431	60,637	70,972	38,737	35,899
Advanced operating lease payments	*18*	98,669	174,509	222,234	219,970	226,496
Intangibles and other non-current assets	*20*	28,848	483,361	372,058	27,119	93,578
Deferred tax assets	*21*	–	2,607	2,299	2,299	2,299
		11,983,029	13,035,453	14,678,367	19,264,657	21,376,843
Current assets						
Inventories	*22*	210,993	231,435	206,146	221,496	236,442
Accounts receivable	*23*	5,870	13,805	29,433	13,110	44,610
Prepaid expenses and other current assets	*24*	336,544	11,258	710,995	2,528	503,953
Cash and cash equivalents	*25*	23,391	15,415	21,110	23,509	55,845
		576,798	271,913	967,684	260,643	840,850
Total assets		12,559,827	13,307,366	15,646,051	19,525,300	22,217,693
Equity						
Capital and reserves attributable to owners of the Target Company						
Paid-up capital	*26*	5,386,625	5,906,625	6,760,785	7,920,195	10,240,000
Retained earnings		476,219	1,006,833	1,905,795	2,237,866	188,705
Reserves	*27*	581,194	693,004	904,551	1,152,481	1,190,223
		6,444,038	7,606,462	9,571,131	11,310,542	11,618,928
Non-controlling interest		5,296	6,568	7,073	7,101	6,133
		6,449,334	7,613,030	9,578,204	11,317,643	11,625,061

	Note	As at 1 January 2007	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 September 2010
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities						
Current liabilities						
Accrued liabilities	28	953,288	1,155,445	861,408	1,528,576	3,356,186
Income tax payable		57,003	88,180	228,688	98,588	20,726
Other tax payable		24,953	32,280	26,578	32,262	15,058
Short-term borrowings	29	893,843	437,025	3,511,173	31,231	503,467
		1,929,087	1,712,930	4,627,847	1,690,657	3,895,437
Non-current liabilities						
Long-term borrowings	29	4,181,406	3,981,406	1,440,000	6,517,000	6,697,195
Total liabilities		6,110,493	5,694,336	6,067,847	8,207,657	10,592,632
Total equity and liabilities		12,559,827	13,307,366	15,646,051	19,525,300	22,217,693
Net current liabilities		1,352,289	1,441,017	3,660,163	1,430,014	3,054,587
Total assets less current liabilities		10,630,740	11,594,436	11,018,204	17,834,643	18,322,256

STATEMENTS OF FINANCIAL POSITION

	Note	As at 1 January 2007	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009	As at 30 September 2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
Non-current assets						
Property, plant and equipment	*16*	11,764,263	12,270,117	13,971,021	18,941,967	20,987,805
Investment properties	*17*	38,431	60,637	70,972	38,737	35,899
Advanced operating lease payments	*18*	98,669	174,509	222,234	219,970	226,496
Investment in a subsidiary	*19*	9,600	9,600	9,600	9,600	9,600
Intangibles and other non-current assets	*20*	28,682	482,886	371,458	26,519	92,978
Deferred tax assets	*21*	–	2,607	2,299	2,299	2,299
		11,939,645	13,000,356	14,647,584	19,239,092	21,355,077
Current assets						
Inventories	*22*	209,131	229,652	204,298	219,443	234,333
Accounts receivable	*23*	4,938	9,957	28,567	11,350	47,669
Prepaid expenses and other current assets	*24*	340,123	11,026	710,499	2,527	502,968
Cash and cash equivalents	*25*	16,211	8,286	12,995	14,629	40,021
		570,403	258,921	956,359	247,949	824,991
Total assets		12,510,048	13,259,277	15,603,943	19,487,041	22,180,068
Equity						
Capital and reserves attributable to owners of the Target Company						
Paid-up capital	*26*	5,386,625	5,906,625	6,760,785	7,920,195	10,240,000
Retained earnings		464,636	990,162	1,887,102	2,219,064	173,773
Reserves	*27*	581,194	693,004	904,551	1,152,481	1,190,223
		6,432,455	7,589,791	9,552,438	11,291,740	11,603,996
Liabilities						
Current liabilities						
Accrued liabilities	*28*	943,206	1,152,798	858,100	1,524,190	3,340,395
Income tax payable		54,185	85,976	227,654	97,618	19,957
Other tax payable		24,953	32,280	26,578	32,262	15,058
Short-term borrowings	*29*	873,843	417,026	3,499,173	24,231	503,467
		1,896,187	1,688,080	4,611,505	1,678,301	3,878,877
Non-current liabilities						
Long term borrowings	*29*	4,181,406	3,981,406	1,440,000	6,517,000	6,697,195
Total liabilities		6,077,593	5,669,486	6,051,505	8,195,301	10,576,072
Total equity and liabilities		12,510,048	13,259,277	15,603,943	19,487,041	22,180,068
Net current liabilities		1,325,784	1,429,159	3,655,146	1,430,352	3,053,886
Total assets less current liabilities		10,613,861	11,571,197	10,992,438	17,808,740	18,301,191

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to equity holders of the Target Company					
		Share capital	Retained earnings	Reserves	Sub-total	Non-controlling interest	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balances at 1 January 2007		5,386,625	476,219	581,194	6,444,038	5,296	6,449,334
Total comprehensive income for the year ended 31 December 2007		–	1,113,654	–	1,113,654	1,272	1,114,926
Transfer between reserves	*27*	–	(111,810)	111,810	–	–	–
Capital contributions	*26*	520,000	–	–	520,000	–	520,000
Dividends	*15*	–	(471,230)	–	(471,230)	–	(471,230)
Balances at 31 December 2007		5,906,625	1,006,833	693,004	7,606,462	6,568	7,613,030
Total comprehensive income for the year ended 31 December 2008		–	2,111,719	–	2,111,719	1,505	2,113,224
Transfer between reserves	*27*	–	(211,547)	211,547	–	–	–
Capital contributions	*26*	854,160	–	–	854,160	–	854,160
Dividend paid to non-controlling interest		–	–	–	–	(1,000)	(1,000)
Dividends	*15*	–	(1,001,210)	–	(1,001,210)	–	(1,001,210)
Balances at 31 December 2008		6,760,785	1,905,795	904,551	9,571,131	7,073	9,578,204
Total comprehensive income for the year ended 31 December 2009		–	2,479,411	–	2,479,411	1,028	2,480,439
Transfer between reserves	*27*	–	(247,930)	247,930	–	–	–
Capital contributions	*26*	1,159,410	–	–	1,159,410	–	1,159,410
Dividend paid to non-controlling interest		–	–	–	–	(1,000)	(1,000)
Dividends	*15*	–	(1,899,410)	–	(1,899,410)	–	(1,899,410)
Balances at 31 December 2009		7,920,195	2,237,866	1,152,481	11,310,542	7,101	11,317,643
Total comprehensive income for the period ended 30 September 2010		–	1,855,891	–	1,855,891	232	1,856,123
Transfer between reserves	*27*	–	(37,742)	37,742	–	–	–
Capital contributions	*26*	2,319,805	–	–	2,319,805	–	2,319,805
Dividend paid to non-controlling interest		–	–	–	–	(1,200)	(1,200)
Dividends	*15*	–	(3,867,310)	–	(3,867,310)	–	(3,867,310)
Balances at 30 September 2010		10,240,000	188,705	1,190,223	11,618,928	6,133	11,625,061
(Unaudited)							
Balances at 1 January 2009		6,760,785	1,905,795	904,551	9,571,131	7,073	9,578,204
Total comprehensive income for the period ended 30 September 2009		–	1,724,775	–	1,724,775	835	1,725,610
Capital contributions	*26*	1,159,410	–	–	1,159,410	–	1,159,410
Dividend paid to non-controlling interest		–	–	–	–	(1,000)	(1,000)
Dividends	*15*	–	(1,899,410)	–	(1,899,410)	–	(1,899,410)
Balances at 30 September 2009		7,920,195	1,731,160	904,551	10,555,906	6,908	10,562,814

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Nine months ended 30 September	
		2007	2008	2009	2009	2010
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities	*30*	3,003,613	2,671,618	5,253,696	1,894,632	2,630,704
Cash flows from investing activities						
Proceeds of disposal of property, plant and equipment		53,756	72,986	46,358	5,344	252
Capital expenditure		(2,223,200)	(2,844,989)	(5,835,457)	(2,738,974)	(3,013,043)
Interest received		8,653	8,236	26,687	21,660	4,308
Net cash used in investing activities		(2,160,791)	(2,763,767)	(5,762,412)	(2,711,970)	(3,008,483)
Cash flows from financing activities						
Dividends paid to owners of the Target Company		(471,230)	(1,001,210)	(1,899,410)	(1,899,410)	(2,230,980)
Dividends paid to non-controlling interest		–	(1,000)	(1,000)	(1,000)	(1,200)
Capital contributions	*26*	520,000	854,160	1,159,410	1,159,410	2,319,805
Increase in borrowings		4,876,976	3,767,482	5,582,563	3,822,478	3,301,991
Repayments of borrowings		(5,533,794)	(3,234,740)	(3,985,505)	(2,003,320)	(2,649,560)
Interest paid		(242,750)	(286,848)	(344,943)	(242,963)	(329,941)
Net cash (used in)/generated from financing activities		(850,798)	97,844	511,115	835,195	410,115
Net (decrease)/increase in cash and cash equivalents		(7,976)	5,695	2,399	17,857	32,336
Cash and cash equivalents at beginning of the year/period		23,391	15,415	21,110	21,110	23,509
Cash and cash equivalents at end of the year/period	*25*	15,415	21,110	23,509	38,967	55,845

II NOTES TO THE FINANCIAL INFORMATION

1 General information

PetroChina Beijing Gas Pipeline Co., Ltd (the "Target Company") was established in the People's Republic of China (the "PRC") by China National Petroleum Corporation ("CNPC") and the Beijing Municipal Government on 14 December 1991 as a state-owned enterprise, in which 60% and 40% equity interests were attributable to CNPC and the Beijing Municipal Government respectively. On 31 July 2002, their respective interests in the Target Company were transferred to PetroChina Company Limited ("PetroChina") and Beijing Gas Group Company Limited, which is a wholly owned subsidiary of Beijing Enterprises Holdings Limited ("Beijing Enterprises Holding"), respectively. On the same day, the Target Company was restructured into a limited liability company. The Target Company engages in the construction, operation and management of PetroChina's principal pipelines, Shaanxi-Beijing Gas Transmission Pipelines, which link PetroChina's Changqing oil and gas region with Beijing Municipality, Tianjin Municipality and Hebei Province. Principal activities of the subsidiary of the Target Company are set out in Note 19.

The address of the Target Company's principal office and registered office is No. 9 Da Tun Lu, Chao Yang Qu, Beijing, the PRC.

2 Basis of preparation

The Financial Information of the Target Group has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). As set out in Note 35, this Financial Information is the Target Group's first financial statements prepared in accordance with HKFRS. HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards has been applied in preparing the Financial Information. The Financial Information has been prepared under the historical cost convention.

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has adopted HKFRS, which are effective for the accounting periods beginning on or before 1 January 2010, and has elected to early adopt the partial exemption in paragraphs of HKAS 24 (Revised) "Related Party Disclosures" consistently throughout the Relevant Periods and in its opening HKFRS statement of financial position presented as of 1 January 2007, the Target Group's HKFRS transition date.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 5.

As at 30 September 2010, the Target Group had net current liabilities of approximately RMB3,054,587,000. Going concern of the Target Group depends upon funds generated from its operation as well as financing from its affiliates, which include:

(i) On 1 September 2009, China Petroleum Finance Company Limited ("CP Finance"), a finance company controlled by CNPC, granted a revolving loan facility to the Target Company amounting to RMB600,000,000 (Note 29). In accordance with the facility agreement, the loan facility is unsecured, bears interest at 4.49% per annum and the Target Company is entitled to draw down any amount during the period from 1 September 2009 to 1 September 2012. As at 30 September 2010, the Target Company has not utilised any amount of this facility.

(ii) Other than the above facility, on 29 October 2010, CP Finance has separately granted the Target Group a long-term loan amounting to RMB2,000,000,000 (Note 34). This loan is unsecured, bears interest at 6.08% per annum and repayable in full in October 2015.

Taking into account of the funds generated internally from the operations and the above financing, the directors of the Target Company and the Company believe that the Target Company is able to meet its liabilities as and when they fall due and to continue its operations for the foreseeable future. Accordingly, the Directors have prepared the financial information on a going concern basis.

3 Summary of significant accounting policies

(a) Basis of consolidation

Subsidiaries are those entities in which the Target Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies.

A subsidiary is consolidated from the date on which control is transferred to the Target Group and is no longer consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries except for the business combination under common control. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Target Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of comprehensive income.

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Target Group and the business acquired have always been combined. The difference between the consideration paid by the Target Group and the net assets or liabilities of the business acquired is adjusted against equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Target Group in the Financial Information.

For purposes of the presentation of the Target Company's statement of financial position, investments in a subsidiary are stated at cost less provision for impairment losses. The results of the subsidiary are accounted for by the Target Company on the basis of dividend received and receivable.

A listing of the Target Group's subsidiary is set out in Note 19.

(b) Transactions with non-controlling interest

The Target Group applies a policy of treating transactions with non-controlling interest as transactions with equity participants of the Target Group. Gains and losses resulting from the disposals to non-controlling interest are recorded in equity. The differences between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired, resulting from the purchase from non-controlling interest, are recorded in equity.

(c) Foreign currencies

(i) Functional and presentation currency

Items included in the Financial Information of each of the entities of the Target Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Renminbi, which is the Target Company's functional and the Target Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within "interest expenses". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains, net".

(d) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into existing use.

Depreciation, to write off the cost of each asset to their residual values over their estimated useful lives is calculated using the straight-line method.

The Target Group uses the following useful lives for depreciation purposes:

Buildings	8 – 40 years
Natural gas pipelines	10 – 14 years
Equipment and machinery	4 – 30 years
Others	4 – 35 years

No depreciation is provided for construction in progress until they are completed and ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Property, plant and equipment are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of a cash generating unit exceeds the higher of its fair value less costs to sell and its value in use, which is the estimated net present value of future cash flows to be derived from the cash generating unit.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Interest and other costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure for property, plant and equipment are included in the cost of property, plant and equipment only when it is probable that in future economic benefits associated with the items will flow to the Target Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated statement of comprehensive income during the financial period in which they are incurred.

(e) Investment properties

Investment properties, principally office buildings, are held for rental yields and are not occupied by the Target Group. Investment properties are initially recognised at cost, including related transaction costs, and subsequently carried at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated using the straight-line method to write-off the cost of the assets to their residual values over their estimated useful life of 30 years.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, the transfer does not change the carrying amount of the property transferred, nor does it change the cost of that property for measurement or disclosure purposes.

(f) Intangible assets

Expenditure on acquired computer software is capitalised at historical cost and amortised using straight line method over their estimated useful lives, generally less than 5 years. Intangible assets are not subsequently revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss indicates that the carrying amount of an asset exceeds its recoverable amount and is recognised in the consolidated statement of comprehensive income. The recoverable amount is measured as the higher of fair value less costs to sell and value in use which is the estimated net present value of future cash flows to be derived from the assets.

(g) Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Target Group has only loans and receivables. The detailed accounting policies for loans and receivables held by the Group are set out below.

(h) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. The Target Group's loans and receivables comprise accounts receivable, other deposits and cash and cash equivalents in the statement of financial position. The recognition methods for loans and receivables are disclosed in the respective policy notes.

(i) Leases

Leases of property, plant and equipment where the Target Group assumes substantially all the benefits and risks of ownership are classified as finance leases. The Target Group has no significant finance leases. Leases of assets under which a significant portion of the risks and benefits of ownership are effectively retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are expensed on a straight-line basis over the lease terms.

(j) Related parties

Related parties include CNPC and its subsidiaries (together, the "CNPC Group"), other state-controlled enterprises and their subsidiaries directly or indirectly controlled by the PRC Government, corporations in which the Target Company is able to control, jointly control or exercise significant influence, key management personnel of the Target Company and CNPC and their close family members.

Transactions with related parties do not include those with providers of public utilities (including electricity, telecommunications and postal services) and government departments and agencies which are conducted in the ordinary course of business at arm's length market prices.

(k) Inventories

Inventories are materials for natural gas pipelines and are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. The cost of inventories comprises cost of purchase. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(l) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision made for impairment of these receivables. Such provision for impairment of accounts receivable is established if there is objective evidence that the Target Group will not be able to collect amounts due according to the original terms of the receivables. The factors the Target Group considers when assessing whether an account receivable is impaired include but not limited to significant financial difficulties of the customer, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and highly liquid investments with original maturities of three months or less from the time of purchase.

(n) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowing costs should be recognised as an expense in the period in which they are incurred except for the portion eligible for capitalisation as part of qualifying property, plant and equipment.

Borrowings are classified as current liabilities unless the Target Group has unconditional rights to defer settlements of the liabilities for at least 12 months after the statement of financial position date.

(p) Income tax

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Target Group, generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investment in the subsidiary except where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Impairment of investment in a subsidiary and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(r) Revenue recognition

Sales are recognised upon transmission of natural gas and customer acceptance or performance of services, net of sales taxes and discounts. Revenue is recognised only when the Target Group has transported the natural gas to the customers and when the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis using the effective interest method.

(s) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Retirement benefit plans

The Target Group contributes to various employee retirement benefit plans organised by PRC municipal and provincial governments under which it is required to make monthly contributions to these plans at prescribed rates for its employees in the PRC. The relevant PRC municipal and provincial governments undertake to assume the retirement benefit obligations of existing and future retired employees of the Target Group in the PRC. Contributions to these plans are charged to expense as incurred.

The Target Group currently has no other material obligations outstanding for the payment of retirement and other post retirement benefits of employees in the PRC other than the monthly contributions described above.

(u) New accounting developments

The following new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning after 1 January 2010 or later periods and which the Target Group has not early adopted:

HKFRS 9 "Financial Instruments" – effective from 1 January 2013. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The expected impact of this new standard is still being assessed in details by management, but management does not anticipate that the application will result in a material impact on the Group's financial information.

Under "Classification of Rights Issues" (Amendment to HKAS 32), for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted. This amendment is not currently applicable to the Target Group.

Amendments to HK(IFRIC) Int-14 "Prepayments of a Minimum Funding Requirement" corrects an unintended consequence of HK(IFRIC) Int-14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Without the amendments, entities are not permitted to recognise as an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when HK(IFRIC) Int-14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. This amendment is not currently applicable to the Target Group.

HK(IFRIC) -Int 19 "Extinguishing Financial Liabilities with Equity Instruments" clarifies the requirements of HKFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted. This interpretation is not currently applicable to the Target Group.

In May 2010, the HKICPA published certain improvements to HKFRS which will be effective for accounting periods beginning on or after 1 January 2011 or later periods. These improvements have not been early adopted by the Target Group. Amendments have been made to the following standards according to the improvements:

HKFRS 1 (Amendment)	First-time Adoption of HKFRS,
HKFRS 7 (Amendment)	Financial Instruments: Disclosures,
HKAS 1 (Amendment)	Presentation of Financial Statements,
HKAS 27 (Revised) (Amendment)	Consolidated Financial Statements and Accounting for Investments in Subsidiaries,
HKAS 34 (Amendment)	Interim Financial Reporting, and
HK(IFRIC) 13 (Amendment)	Customer Loyalty Programs

The Target Group is in the process of making an assessment of the impact of these new/revised standards, amendments and interpretations to existing standards and does not anticipate that the adoption will result in any material impact on the Target Group's results of operations and financial position.

4 Financial risk management

4.1 Financial risk factors

The Target Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance. The Target Group does not use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the management of the Target Company under policies approved by the Board of Directors. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

- Foreign exchange rate risk

The Target Group conducts its business primarily in Renminbi. Renminbi is not a freely convertible currency and is regulated by the PRC Government. Limitation in foreign exchange transactions imposed by the PRC Government could cause future exchange rates to vary significantly from current or historical exchange rates.

Entities within the Target Group also exposes to foreign exchange rate risk in relation to monetary balances which are denominated in a currency that is not the entity's functional currency. During the Relevant Periods, there are no significant monetary balances held by the Target Group that are denominated in a non-functional currency.

The Target Group did not enter into material hedge contracts during the Relevant Periods to hedge against its foreign exchange rate risk. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

- Cash flow and fair value interest rate risk

The Target Group's exposure to fair value interest rate risk is mainly attributable to borrowings at fixed interest rates. The fair value of borrowings at fixed interest rates is estimated by discounting the future contractual cash flows at the current market interest rate available to the Target Group for similar financial instruments.

The Target Group is not exposed to significant cash flow interest rate risk given that it has no significant interest-bearing assets and liabilities at floating rates except for bank balances and certain amounts due from related parties. The interest income and expenses arising from these assets and liabilities do not have significant impact to the Target Group.

The Target Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

(b) Credit risk

Credit risk arises primarily from cash and cash equivalents, accounts receivable and other receivables. As the majority of cash at bank are placed with state-owned banks and financial institutions, the corresponding credit risk is relatively low. The Target Group has controls in place to assess the credit quality of its customers. The carrying amounts of cash and cash equivalents, accounts receivable and other receivables included in the consolidated statement of financial position represent the Target Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Target Group has no significant concentration of credit risk.

(c) Liquidity risk

The Target Group's liquidity risk management involves maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

Management monitors the Target Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 29) and obtaining sufficient funding, such that the Target Group has sufficient available financial reserves to meet its working capital requirements and debt obligations as and when they fall due for a period of 12 months from the date the Financial Information was approved (Notes 2 and 34).

As at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010, the Target Group's contractual obligations mature within one year except for long-term borrowings. The table below analyses the Target Group's long-term borrowings, into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at 1 January	As at 31 December			As at 30 September
	2007	**2007**	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	779,787	384,714	3,702,304	403,143	1,037,600
Between 1 and 2 years	384,714	3,628,420	101,424	891,669	411,720
Between 2 and 5 years	4,172,025	543,605	1,628,461	6,704,005	7,398,915
	5,336,526	4,556,739	5,432,189	7,998,817	8,848,235

4.2 Capital risk management

The Target Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so as to provide returns for owners and to reduce its cost of capital. In meeting its objectives of managing capital, the Target Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Target Group monitors capital on the basis of the gearing ratio which is calculated as borrowings divided by the sum of total equity and total borrowings. The gearing ratio at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010 are 44.04%, 36.72%, 34.08%, 36.65% and 38.25% respectively.

4.3 Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Target Group at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010 are disclosed in the respective accounting policies.

The carrying amounts of the following financial assets and financial liabilities approximate their fair values as all of them are short-term in nature: cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities and short-term borrowings. The fair values of fixed rate long-term borrowings are likely to be different from their respective carrying amounts. Analysis of the fair values and carrying amounts of long-term borrowings are presented in Note 29.

5 Critical accounting estimates and judgements

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Target Group's consolidated financial statements.

(a) Estimation of useful lives, residual values and depreciation of property, plant and equipment

The Target Group's management determines the estimated useful lives, residual values and related depreciation for the Target Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. Management will adjust the depreciation where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation in the future periods.

(b) Income tax

The Target Group is subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Target Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account the existing tax legislations and past practice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

6 Revenue and turnover

Turnover mainly represents revenue from the transportation of natural gas in the PRC.

7 Other (losses)/gains, net

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net exchange gains/(losses)	184	(54)	493	484	(63)
(Loss)/gain on disposal of property, plant and equipment	(3,958)	1,366	(2,124)	(1,113)	(18)
Others	(4,195)	77	3,257	2,648	302
	(7,969)	1,389	1,626	2,019	221

8 Interest income

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income on:					
– Amounts due from related parties	8,455	8,061	26,567	21,580	4,234
– Bank deposits	198	175	120	80	74
	8,653	8,236	26,687	21,660	4,308

9 Employee compensation costs

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, wages and allowances	77,181	98,017	127,135	62,596	79,520
Retirement benefits scheme contributions	5,254	8,176	4,778	3,583	3,640
	82,435	106,193	131,913	66,179	83,160

10 Interest expenses

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest on:					
Bank loans, wholly repayable within five years	6,080	–	–	–	–
Loans other than bank loans, wholly repayable within five years (Note 32(a)(iv))	236,670	286,848	344,943	242,963	329,941
Less: Amounts capitalised	–	(46,245)	(131,388)	(108,298)	(165,299)
	242,750	240,603	213,555	134,665	164,642

Amounts capitalised are borrowing costs that are attributable to the construction of a qualifying asset. The average interest rates used to capitalise such borrowing cost range from 4.21% to 5.38% per annum during the Relevant Periods.

11 Profit before income tax expense

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before income tax expenses is arrived at after charging the following items:					
Amortisation on advanced operating lease payments, intangibles and other non-current assets	2,806	4,550	5,829	4,372	4,430
Depreciation on property, plant and equipment and investment properties	1,112,863	1,171,967	1,326,244	947,876	1,206,705
Operating lease expenses	3,208	1,468	820	503	448
Repairs and maintenance	195,656	199,056	220,307	72,319	96,312

12 Income tax expense

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax – PRC	576,691	725,100	827,557	575,949	607,683
Deferred tax (Note 21)	(2,607)	308	–	–	–
	574,084	725,408	827,557	575,949	607,683

Hong Kong profits tax has not been provided for as the Target Group has no assessable profit during the Relevant Periods.

The Target Group is subject to Corporate Income Tax of Mainland China at a statutory rate of 33% for the year ended 31 December 2007. On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of Mainland China. The applicable Corporate Income Tax rate of the Target Group was changed from 33% in 2007 to 25% from 2008 onwards.

The tax on the Target Group's profit before income tax expense differs from the theoretical amount that would arise using the Corporate Income Tax rate in the PRC applicable to the Target Group as follows:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit before income tax expense	1,689,010	2,838,632	3,307,996	2,301,559	2,463,806
Tax calculated at a tax rate of 33% or 25%	557,373	709,658	826,999	575,390	615,952
Tax effect of expenses not deductible for tax purposes	16,711	15,750	558	559	1,167
Other temporary differences not recognised	–	–	–	–	(9,436)
Tax charge	574,084	725,408	827,557	575,949	607,683

The domestic income tax rate used in the calculation above is the PRC tax rate which is the jurisdiction where the operations of the Target Group are substantially based.

13 Profit attributable to equity holders of the Target Company

The profit attributable to equity holders of the Target Company is dealt with in the financial statement of the Target Company as follows:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit attributable to owners of the Target Company	1,108,566	2,109,697	2,479,302	1,725,434	1,859,761

14 Earnings per shares

No earnings per share information is presented as the Target Company is not a company incorporated having the liability of its members limited by number of shares.

15 Dividend attributable to owners of the Target Company

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Final dividend attributable to owners of the Target Company (Notes (a), (b), (c) and (d))	471,230	1,001,210	1,899,410	1,899,410	2,230,980
Interim dividend attributable to owners of the Target Company for 2010 (Note (e))	–	–	–	–	1,636,330
	471,230	1,001,210	1,899,410	1,899,410	3,867,310

Notes:

(a) Final dividend attributable to owners of the Target Company in respect of 2006 of RMB471,230,000 were approved by the shareholders of the Target Company on 2 April 2007 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2007, and were paid on 27 April 2007.

(b) Final dividend attributable to owners of the Target Company in respect of 2007 of RMB1,001,210,000 were approved by the shareholders of the Target Company on 29 April 2008 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2008, and were paid on 29 April 2008.

(c) Final dividend attributable to owners of the Target Company in respect of 2008 of RMB1,899,410,000 were approved by the shareholders of the Target Company on 10 April 2009 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2009, and were paid on 27 April 2009 and 31 May 2009.

(d) Final dividend attributable to owners of the Target Company in respect of 2009 of RMB2,230,980,000 were approved by the shareholders of the Target Company on 9 April 2010 and accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2010, and were paid on 30 April 2010 and 31 May 2010.

(e) Interim dividend attributable to owners of the Target Company in respect of 2010 of RMB1,636,330,000 was approved by the shareholders of the Target Company on 30 September 2010 and accounted for in equity as an appropriation of retained earnings in the nine months ended 30 September 2010, and was paid on 29 October 2010.

16 Property, plant and equipment

	The Target Group					
	Buildings *RMB'000*	**Natural gas pipelines** *RMB'000*	**Equipment and machinery** *RMB'000*	**Others** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost						
Balances at 1 January 2007	295,908	12,600,661	1,672,956	79,216	545,458	15,194,199
Additions	–	–	1,465	–	1,653,576	1,655,041
Disposals	(36,281)	(8,975)	(35,993)	(3,653)	–	(84,902)
Transfers	417,184	(968,085)	1,658,143	32,010	(1,139,252)	–
Balances at 31 December 2007	676,811	11,623,601	3,296,571	107,573	1,059,782	16,764,338
Additions	–	–	1,414	30	2,927,543	2,928,987
Disposals	(21,984)	(18,565)	(71,256)	(2,585)	–	(114,390)
Transfers	23,920	625,322	48,301	3,921	(701,464)	–
Balances at 31 December 2008	678,747	12,230,358	3,275,030	108,939	3,285,861	19,578,935
Additions	–	–	19,039	210	6,288,970	6,308,219
Disposals	–	(34,434)	(61,381)	(616)	–	(96,431)
Transfers	5,273	2,625,601	2,397,849	6,524	(5,035,247)	–
Transfers from investment properties (Note 17)	44,508	–	–	–	–	44,508
Balances at 31 December 2009	728,528	14,821,525	5,630,537	115,057	4,539,584	25,835,231
Additions	–	–	6	341	3,245,829	3,246,176
Disposals	–	–	(6,417)	–	–	(6,417)
Transfers	13,009	1,159,606	58,650	2,555	(1,233,820)	–
Balances at 30 September 2010	741,537	15,981,131	5,682,776	117,953	6,551,593	29,074,990
Accumulated depreciation						
Balances at 1 January 2007	72,637	2,641,499	636,334	26,648	–	3,377,118
Charge for the year	12,128	959,294	119,668	8,979	–	1,100,069
Disposals	(13,465)	(7,321)	(3,521)	(2,881)	–	(27,188)
Balances at 31 December 2007	71,300	3,593,472	752,481	32,746	–	4,449,999
Charge for the year	93,984	510,368	542,772	13,778	–	1,160,902
Disposals	–	(5,681)	(34,669)	(2,420)	–	(42,770)
Balances at 31 December 2008	165,284	4,098,159	1,260,584	44,104	–	5,568,131
Charge for the year	23,766	999,085	288,234	8,498	–	1,319,583
Disposals	(12)	(5,020)	(42,447)	(470)	–	(47,949)
Transfers from investment properties (Note 17)	18,934	–	–	–	–	18,934
Balances at 31 December 2009	207,972	5,092,224	1,506,371	52,132	–	6,858,699
Charge for the period	21,203	778,756	397,066	6,842	–	1,203,867
Disposals	–	–	(6,147)	–	–	(6,147)
Balances at 30 September 2010	229,175	5,870,980	1,897,290	58,974	–	8,056,419
Net book value						
1 January 2007	223,271	9,959,162	1,036,622	52,568	545,458	11,817,081
31 December 2007	605,511	8,030,129	2,544,090	74,827	1,059,782	12,314,339
31 December 2008	513,463	8,132,199	2,014,446	64,835	3,285,861	14,010,804
31 December 2009	520,556	9,729,301	4,124,166	62,925	4,539,584	18,976,532
30 September 2010	512,362	10,110,151	3,785,486	58,979	6,551,593	21,018,571

	The Target Company					
	Buildings *RMB'000*	**Natural gas pipelines** *RMB'000*	**Equipment and machinery** *RMB'000*	**Others** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost						
Balances at 1 January 2007	295,908	12,600,660	1,627,998	62,053	545,458	15,132,077
Additions	–	–	–	–	1,653,576	1,653,576
Disposals	(36,280)	(8,975)	(34,233)	(856)	–	(80,344)
Transfers	417,184	(968,085)	1,658,143	32,010	(1,139,252)	–
Balances at 31 December 2007	676,812	11,623,600	3,251,908	93,207	1,059,782	16,705,309
Additions	–	–	–	–	2,927,543	2,927,543
Disposals	(21,985)	(18,565)	(70,660)	(2,565)	–	(113,775)
Transfers	23,920	625,323	48,301	3,920	(701,464)	–
Balances at 31 December 2008	678,747	12,230,358	3,229,549	94,562	3,285,861	19,519,077
Additions	–	–	–	–	6,288,970	6,288,970
Disposals	–	(34,434)	(42,261)	(504)	–	(77,199)
Transfers	5,273	2,625,601	2,397,849	6,524	(5,035,247)	–
Transfers from investment properties (Note 17)	44,508	–	–	–	–	44,508
Balances at 31 December 2009	728,528	14,821,525	5,585,137	100,582	4,539,584	25,775,356
Additions	–	–	–	–	3,245,829	3,245,829
Disposals	–	–	(6,417)	–	–	(6,417)
Transfers	13,009	1,159,606	58,650	2,555	(1,233,820)	–
Balances at 30 September 2010	741,537	15,981,131	5,637,370	103,137	6,551,593	29,014,768
Accumulated depreciation						
Balances at 1 January 2007	72,637	2,641,499	628,669	25,010	–	3,367,815
Charge for the year	12,128	959,294	117,375	5,736	–	1,094,533
Disposals	(13,465)	(7,321)	(5,610)	(760)	–	(27,156)
Balances at 31 December 2007	71,300	3,593,472	740,434	29,986	–	4,435,192
Charge for the year	93,984	510,368	538,329	12,752	–	1,155,433
Disposals	–	(5,681)	(34,486)	(2,402)	–	(42,569)
Balances at 31 December 2008	165,284	4,098,159	1,244,277	40,336	–	5,548,056
Charge for the year	23,766	994,066	282,101	7,471	–	1,307,404
Disposals	(12)	(1)	(40,629)	(363)	–	(41,005)
Transfers from investment properties (Note 17)	18,934	–	–	–	–	18,934
Balances at 31 December 2009	207,972	5,092,224	1,485,749	47,444	–	6,833,389
Charge for the period	21,203	778,756	393,706	6,055	–	1,199,720
Disposals	–	–	(6,146)	–	–	(6,146)
Balances at 30 September 2010	229,175	5,870,980	1,873,309	53,499	–	8,026,963
Net book value						
1 January 2007	223,271	9,959,161	999,329	37,044	545,458	11,764,263
31 December 2007	605,512	8,030,128	2,511,474	63,221	1,059,782	12,270,117
31 December 2008	513,463	8,132,199	1,985,272	54,226	3,285,861	13,971,021
31 December 2009	520,556	9,729,301	4,099,388	53,138	4,539,584	18,941,967
30 September 2010	512,362	10,110,151	3,764,061	49,638	6,551,593	20,987,805

The buildings of the Target Group are mainly located in the PRC.

As at 1 January 2007, 31 December 2007, 2008 and 2009, and 30 September 2010, the legal title registration of certain of the Target Group's and the Target Company's properties with carrying amount of approximately nil, RMB406,701,000, RMB326,378,000, RMB323,768,000 and RMB325,066,000 respectively, is subject to certain administrative procedures to be completed by the relevant local government authorities. However, the directors of the Target Company are of the opinion that the risks and rewards of using these assets have been transferred to the Target Group and the Target Company.

In addition, certain of the Target Group's and the Target Company's property, plant and equipment are situated on leasehold land in the PRC which was granted for use by the relevant government authorities to the Target Company at nil consideration with no specific terms of usage.

17 Investment properties

	Target Group and Target Company			
	Year ended 31 December			Nine months ended 30 September
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
Balances at beginning of the year/period	49,614	84,614	106,014	61,506
Additions	35,000	21,400	–	–
Transfers to property, plant and equipment (Note 16)	–	–	(44,508)	–
Balances at end of the year/period	84,614	106,014	61,506	61,506
Accumulated depreciation				
Balances at beginning of the year/period	11,183	23,977	35,042	22,769
Charge for the year/period	12,794	11,065	6,661	2,838
Transfers to property, plant and equipment (Note 16)	–	–	(18,934)	–
Balances at end of the year/period	23,977	35,042	22,769	25,607
Net book value				
Balances at end of the year/period	60,637	70,972	38,737	35,899

The investment properties of the Target Group and the Target Company are mainly located in the PRC.

18 Advanced operating lease payments

The Target Group's advanced operating lease payments comprise:

	Target Group and Target Company			
	As at 31 December			As at 30 September
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold interest in land in the PRC:				
Leases of 50 years	174,509	222,234	219,970	226,496
Balances at beginning of the year/period	98,669	174,509	222,234	219,970
Additions	75,840	49,262	–	8,224
Amortisation for the year/period	–	(1,537)	(2,264)	(1,698)
Balances at end of the year/period	174,509	222,234	219,970	226,496

These advance operating lease payments are amortised over the related lease terms using the straight-line method.

19 Investment in a subsidiary

	Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted shares, at cost	9,600	9,600	9,600	9,600	9,600

Details of the Target Company's subsidiary, which is a limited liability company at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010, are as follows:

Name of subsidiary	Place of establishment	Fully paid registered capital	Type of legal entity	Attributable equity interest held by the Target Company	Principal activities
Zhongyou Huiyuan Gas Technology Development Co Limited	PRC	RMB12,000,000	Limited liability company	80%	Sales of natural gas

20 Intangibles and other non-current assets

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid construction costs										
– Third parties	7,109	9,038	10,306	11,902	27,803	6,944	8,563	10,306	11,902	27,803
– Related parties	10,980	463,883	352,437	7,735	61,025	10,979	463,883	351,837	7,135	60,425
Intangibles (Note)	10,759	10,440	9,315	7,482	4,750	10,759	10,440	9,315	7,482	4,750
	28,848	483,361	372,058	27,119	93,578	28,682	482,886	371,458	26,519	92,978

Note:

The intangibles compose computer software costs. The movements in intangibles are as follows:

	Target Group and Target Company			
	Year ended 31 December			Nine months ended 30 September
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances at beginning of the year/period	10,759	10,440	9,315	7,482
Additions	2,487	1,888	1,732	–
Amortisation for the year/period	(2,806)	(3,013)	(3,565)	(2,732)
Balances at end of the year/period	10,440	9,315	7,482	4,750

21 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates which is expected to apply at the time of reversal of the temporary difference.

The movements in deferred tax assets in respect of provision for inventories are as follows:

	Target Group and Target Company			
	Year end 31 December			Nine months ended 30 September
	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances at beginning of the year/period	–	2,607	2,299	2,299
Credited/(charged) to income statement (Note 12)	2,607	(308)	–	–
Balances at end of the year/period	2,607	2,299	2,299	2,299

22 Inventories

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Materials for natural gas pipelines	210,993	231,435	206,146	221,496	236,442	209,131	229,652	204,298	219,443	234,333

23 Accounts receivable

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accounts receivable due from										
– Third parties	4,429	11,886	4,052	10,246	26,771	688	9,075	4,052	8,999	23,263
– Related parties	1,441	1,919	25,381	2,864	17,839	4,250	882	24,515	2,351	24,406
	5,870	13,805	29,433	13,110	44,610	4,938	9,957	28,567	11,350	47,669

Amounts due from related parties are interest free and unsecured.

The aging analysis of accounts receivable is as follows:

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	5,870	13,759	29,433	13,062	30,194	4,938	9,911	28,567	11,302	25,400
Between 3 to 6 months	–	40	–	48	11,581	–	40	–	48	19,434
Over 6 months	–	6	–	–	2,835	–	6	–	–	2,835
	5,870	13,805	29,433	13,110	44,610	4,938	9,957	28,567	11,350	47,669

The Target Group's revenue from transmission of natural gas are generally collectable within a period ranging from 30 to 90 days from the invoice date. As at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010, accounts receivable of approximately nil, RMB46,000, nil, RMB48,000 and RMB14,416,000 were past due but for which the Target Group has not provided for impairment loss. These accounts receivable relate to companies for whom there is no recent history of default. The accounts receivable balances that were between 3 to 6 months and over 6 months, that are determined to be past due but not impaired, are disclosed in the above aging analysis.

The carrying amounts of the accounts receivable are denominated in Renminbi.

24 Prepaid expenses and other current assets

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	3,366	3,415	2,154	2,247	4,314	6,945	3,197	1,679	2,247	4,188
Amounts due from related parties	333,178	7,843	708,841	281	499,639	333,178	7,829	708,820	280	498,780
	336,544	11,258	710,995	2,528	503,953	340,123	11,026	710,499	2,527	502,968

Except for the balances of RMB332,536,000, RMB707,913,000 and RMB495,463,000 as at 1 January 2007, 31 December 2008 and 30 September 2010, which are interest-bearing at the prevailing market interest rates, the amounts due from related parties are interest free, unsecured and expected to be settled within one year.

The carrying amounts of the prepaid expenses and other current assets are denominated in Renminbi.

25 Cash and cash equivalents

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	23,391	15,415	21,110	23,509	55,845	16,211	8,286	12,995	14,629	40,021

The carrying amounts of the cash and cash equivalents are mainly denominated in Renminbi.

Cash and cash equivalents are deposited with banks in Mainland China. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

26 Paid-up capital

	Year end 31 December			Nine months ended 30 September
	2007	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balances at beginning of the year/period	5,386,625	5,906,625	6,760,785	7,920,195
Contributions from owners of the Target Company	520,000	854,160	1,159,410	2,319,805
Balances at end of the year/period	5,906,625	6,760,785	7,920,195	10,240,000

Notes:

(a) On 2 April 2007, the shareholders of the Target Company approved to increase the registered capital by RMB520,000,000 by way of cash contribution, which was paid on 23 November 2007.

(b) On 2 April 2008, the shareholders of the Target Company approved to increase the registered capital by RMB854,160,000 by way of cash contribution, which was paid on 18 August 2008.

(c) On 9 April 2009, the shareholders of the Target Company approved to increase the registered capital by RMB1,159,410,000 by way of cash contribution, which was paid on 29 July 2009.

(d) On 20 September 2010, the shareholders of the Target Company approved to increase the registered capital by RMB2,319,805,000 by way of cash contribution, which was paid on 29 September 2010.

27 Reserves

	Target Group			
	Other reserves *RMB'000*	**Statutory common reserve fund** *RMB'000* (Note (ii))	**Retained earnings** *RMB'000*	**Total** *RMB'000*
Balances at 1 January 2007	5,460	575,734	476,219	1,057,413
Profit for the year	–	–	1,113,654	1,113,654
Dividends	–	–	(471,230)	(471,230)
Transfer between reserves	–	111,810	(111,810)	–
Balances at 31 December 2007	5,460	687,544	1,006,833	1,699,837
Profit for the year	–	–	2,111,719	2,111,719
Dividends	–	–	(1,001,210)	(1,001,210)
Transfer between reserves	–	211,547	(211,547)	–
Balances at 31 December 2008	5,460	899,091	1,905,795	2,810,346
Profit for the year	–	–	2,479,411	2,479,411
Dividends	–	–	(1,899,410)	(1,899,410)
Transfer between reserves	–	247,930	(247,930)	–
Balances at 31 December 2009	5,460	1,147,021	2,237,866	3,390,347
Profit for the period	–	–	1,855,891	1,855,891
Dividends	–	–	(3,867,310)	(3,867,310)
Transfer between reserves (Note(i))	37,742	–	(37,742)	–
Balances at 30 September 2010	43,202	1,147,021	188,705	1,378,928
(Unaudited)				
Balances at 1 January 2009	5,460	899,091	1,905,795	2,810,346
Profit for the period	–	–	1,724,775	1,724,775
Dividends	–	–	(1,899,410)	(1,899,410)
Balances at 30 September 2009	5,460	899,091	1,731,160	2,635,711

	Target Company			
	Other reserves *RMB'000*	**Statutory common reserve fund** *RMB'000* (Note (ii))	**Retained earnings** *RMB'000*	**Total** *RMB'000*
Balances at 1 January 2007	5,460	575,734	464,636	1,045,830
Profit for the year	–	–	1,108,566	1,108,566
Dividends	–	–	(471,230)	(471,230)
Transfer between reserves	–	111,810	(111,810)	–
Balances at 31 December 2007	5,460	687,544	990,162	1,683,166
Profit for the year	–	–	2,109,697	2,109,697
Dividends	–	–	(1,001,210)	(1,001,210)
Transfer between reserves	–	211,547	(211,547)	–
Balances at 31 December 2008	5,460	899,091	1,887,102	2,791,653
Profit for the year	–	–	2,479,302	2,479,302
Dividends	–	–	(1,899,410)	(1,899,410)
Transfer between reserves	–	247,930	(247,930)	–
Balances at 31 December 2009	5,460	1,147,021	2,219,064	3,371,545
Profit for the period	–	–	1,859,761	1,859,761
Dividends	–	–	(3,867,310)	(3,867,310)
Transfer between reserves (Note (i))	37,742	–	(37,742)	–
Balances at 30 September 2010	43,202	1,147,021	173,773	1,363,996
(Unaudited)				
Balances at 1 January 2009	5,460	899,091	1,887,102	2,791,653
Profit for the period	–	–	1,725,434	1,725,434
Dividends	–	–	(1,899,410)	(1,899,410)
Balances at 30 September 2009	5,460	899,091	1,713,126	2,617,677

Notes:

(i) Included in the other reserves as at 30 September 2010 is a special reserve set up as a reserve for safety funds amounting to RMB37,742,000. Pursuant to the PRC regulations, the Target Company has transferred a portion of its retained earnings, being 0.75% of its revenue, to this separate reserve.

(ii) Pursuant to the PRC regulations and the Target Company's Articles of Association, the Target Company is required to transfer 10% of its net profit, as determined under ASBE, to the statutory common reserve fund. Appropriation to the statutory common reserve fund may cease when the fund aggregates to 50% of the Target Company's registered capital. The transfer to the statutory common reserve fund must be made before distribution of dividends to shareholders. The statutory common reserve fund shall only be used to make good previous years' losses, to expand the Target Company's production operations, or to increase the capital of the Target Company. Upon approval of a resolution of shareholders' in a general meeting, the Target Company may convert its reserve into capital, provided that the balance of the statutory common reserve fund after such issuance is not less than 25% of the Target Company's registered capital.

(iii) According to the relevant PRC regulations, the distributable reserve is the lower of the retained earnings computed in accordance with ASBE and HKFRS. As of 31 December 2007, 2008 and 2009 and 30 September 2010, the Target Company's distributable reserve amounted to approximately RMB 990,162,000, RMB1,887,102,000, RMB2,219,064,000 and RMB173,773,000 respectively.

28 Accrued liabilities

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Construction fee and equipment cost payables										
– Third parties	285,403	234,627	332,630	314,191	385,668	280,348	234,406	332,327	314,119	385,606
– Related parties	420,726	863,091	478,071	1,146,805	1,223,054	416,714	861,624	476,863	1,145,013	1,207,857
	706,129	1,097,718	810,701	1,460,996	1,608,722	697,062	1,096,030	809,190	1,459,132	1,593,463
Advances from customers	28,528	15,820	18,248	19,344	16,196	27,653	15,007	16,554	16,895	15,926
Salaries and welfare payable	6,150	11,428	10,091	25,227	28,735	6,041	11,332	10,078	25,216	28,602
Dividends payable (Note 15(e))	–	–	–	–	1,636,330	–	–	–	–	1,636,330
Interest payable	361	220	23	10	–	361	220	–	–	–
Other payables	212,120	30,259	22,345	22,999	66,203	212,089	30,209	22,278	22,947	66,074
	953,288	1,155,445	861,408	1,528,576	3,356,186	943,206	1,152,798	858,100	1,524,190	3,340,395

Amounts due to related parties are interest free, unsecured and with no fixed terms of repayments.

The carrying amounts of the accrued liabilities are denominated in Renminbi.

29 Borrowings

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term borrowings										
Loans other than bank loans	320,000	237,025	29,768	31,231	3,467	300,000	217,026	17,768	24,231	3,467
Current portion of long-term borrowings	573,843	200,000	3,481,405	–	500,000	573,843	200,000	3,481,405	–	500,000
	893,843	437,025	3,511,173	31,231	503,467	873,843	417,026	3,499,173	24,231	503,467
Long-term borrowings										
Bank loans	282,369	200,000	–	–	–	282,369	200,000	–	–	–
Loans other than bank loans	4,472,880	3,981,406	4,921,405	6,517,000	7,197,195	4,472,880	3,981,406	4,921,405	6,517,000	7,197,195
	4,755,249	4,181,406	4,921,405	6,517,000	7,197,195	4,755,249	4,181,406	4,921,405	6,517,000	7,197,195
Less: Current portion of long-term borrowings	(573,843)	(200,000)	(3,481,405)	–	(500,000)	(573,843)	(200,000)	(3,481,405)	–	(500,000)
	4,181,406	3,981,406	1,440,000	6,517,000	6,697,195	4,181,406	3,981,406	1,440,000	6,517,000	6,697,195
	5,075,249	4,418,431	4,951,173	6,548,231	7,200,662	5,055,249	4,398,432	4,939,173	6,541,231	7,200,662

The carrying amounts of the borrowings are unsecured and denominated in Renminbi with fixed and floating interest rates.

	Target Group					Target Company				
	As at 1 January	As at 31 December			As at 30 September	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total borrowings:										
– At fixed rates	4,992,880	4,418,431	4,951,173	6,548,231	7,200,662	4,972,880	4,398,432	4,939,173	6,541,231	7,200,662
– At floating rates	82,369	–	–	–	–	82,369	–	–	–	–
	5,075,249	4,418,431	4,951,173	6,548,231	7,200,662	5,055,249	4,398,432	4,939,173	6,541,231	7,200,662
Weighted average effective interest rates:										
– Bank loans	4.28%	3.60%	–	–	–	4.28%	3.60%	–	–	–
– Loans other than bank loans	4.68%	4.57%	5.18%	6.18%	6.02%	4.66%	4.54%	5.17%	6.18%	6.02%

The carrying amounts, fair values and discount rates of long-term borrowings are as follows:

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amounts	4,755,249	4,181,406	4,921,405	6,517,000	7,197,195
Fair values	4,628,148	4,063,996	4,705,207	6,417,902	7,175,213
Discount rates	5.20%	5.51%	7.86%	5.88%	5.88%

The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Target Group for financial instruments with substantially the same terms and characteristics at the dates of the statement of financial position.

The carrying amounts of short-term borrowings approximate their fair values.

All short-term borrowings which represent loans other than bank loans are wholly repayable within one year. The long-term borrowings can be analysed as follows:

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans, wholly repayable within five years	282,369	200,000	–	–	–
Loans other than bank loans, wholly repayable within five years	4,472,880	3,981,406	4,921,405	6,517,000	7,197,195
	4,755,249	4,181,406	4,921,405	6,517,000	7,197,195

Loans other than bank loans are borrowings from PetroChina or CP Finance, a finance company controlled by CNPC. The borrowings from PetroChina are arranged through entrusted arrangement with CP Finance.

As at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010, the Target Group's and the Target Company's short-term borrowings were repayable within one year and the Target Group's and the Target Company's long-term borrowings were repayable as follows:

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans					
Between one to two years	282,369	200,000	–	–	–
Loans other than bank loans					
Within one year	–	–	–	–	500,000
Between one to two years	491,474	3,651,791	3,481,405	500,000	–
Between two to five years	3,981,406	500,000	1,440,000	6,029,574	6,697,195
	4,472,880	4,151,791	4,921,405	6,529,574	7,197,195

As at 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010, the Target Group and the Target Company have undrawn borrowing facilities:

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate:					
– Expiring within one year	–	–	600,000	–	–
– Expiring beyond one year	600,000	429,615	–	587,426	600,000
	600,000	429,615	600,000	587,426	600,000

The undrawn borrowing facilities were arranged through entrusted arrangement with CP Finance. The facilities expiring within one year are the part of the revolving loan facilities that expired on 1 September 2009.

30 Consolidated cash flows from operating activities

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Profit for the year/period	1,114,926	2,113,224	2,480,439	1,725,610	1,856,123
Adjustments for:					
Income tax expense	574,084	725,408	827,557	575,949	607,683
Depreciation and amortisation	1,115,669	1,176,517	1,332,073	952,248	1,211,135
(Gain)/loss on disposal of property, plant and equipment	3,958	(1,366)	2,124	1,113	18
Net exchange gains/ (losses)	(184)	54	(493)	(484)	63
Interest income	(8,653)	(8,236)	(26,687)	(21,660)	(4,308)
Interest expenses	242,750	240,603	213,555	134,665	164,642
Changes in working capital:					
Accounts receivable and prepaid expenses and other current assets	317,351	(715,490)	724,790	(1,814,898)	(534,577)
Inventories	(20,442)	25,289	(15,350)	4,110	(14,946)
Accrued liabilities and other taxes payable	209,668	(299,793)	673,345	1,093,902	30,416
Cash generated from operations	3,549,127	3,256,210	6,211,353	2,650,555	3,316,249
Taxation paid	(545,514)	(584,592)	(957,657)	(755,923)	(685,545)
Net cash generated from operating activities	3,003,613	2,671,618	5,253,696	1,894,632	2,630,704

31 Commitments

(a) Operating lease commitments

Operating lease commitments of the Target Group are mainly for leasing of land and buildings. Leases range from 1 to 2 years and usually do not contain renewal options. Future minimum lease payments as of 1 January 2007, 31 December 2007, 2008 and 2009 and 30 September 2010 under non-cancellable operating leases are as follows:

	Target Group and Target Company				
	As at 1 January	**As at 31 December**			**As at 30 September**
	2007	**2007**	**2008**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Not later than 1 year	–	–	–	2,040	1,190
Later than 1 year and not later than 5 years	–	–	–	680	–
	–	–	–	2,720	1,190

(b) Lease arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in this Financial Information are receivable as follows:

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Not later than 1 year	4,703	2,483	813	813	1,625

(c) Capital commitments

	Target Group and Target Company				
	As at 1 January	As at 31 December			As at 30 September
	2007	2007	2008	2009	2010
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
In respect of property, plant and equipment Contracted but not provided for	6,771,460	6,172,274	12,808,218	6,322,074	3,340,000

32 Related party transactions

CNPC, the ultimate controlling shareholder of the Target Company, is a state-controlled enterprise directly controlled by the PRC Government. The PRC Government is the ultimate controlling party of the Target Company. Related parties include CPNC and its subsidiaries, other state-owned enterprises and their subsidiaries which the PRC Government has control, joint control or significant influence over and enterprises which the Target Group is able to control, jointly control or exercise significant influence over, key management personnel of the Target Company and CNPC and their close family members.

In addition to the related party information shown elsewhere in this Financial Information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Target Group and its related parties during the Relevant Periods and balances arising from related party transactions at the end of the year/period indicated below:

(a) Transactions with CNPC and its subsidiaries

The Target Group has extensive transactions with other companies in the CNPC Group. Due to these relationships, it is possible that the terms of the transactions between the Target Group and other members of the CNPC Group are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with the CNPC Group which were carried out in the ordinary course of business, are as follows:

(i) Revenue from transportation of natural gas received from the CNPC Group and Beijing Enterprises Holding during the Relevant Periods amounted to:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
The CNPC Group	761,059	949,506	850,090	618,205	820,972
Beijing Enterprises Holding	1,767,240	2,339,697	2,724,660	1,723,156	2,116,016
	2,528,299	3,289,203	3,574,750	2,341,361	2,936,988

(ii) Provision of products and services by the CNPC Group to the Target Group in relation to the agency services and the construction and repair and maintenance of pipelines during the Relevant Periods amounted to:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Provision of products and services by the CNPC Group	1,123,758	1,349,551	5,324,567	3,281,524	3,531,348

(iii) Interest received from related parties represents interest charged on amounts due from PetroChina and CP Finance. The total interest income during the Relevant Periods amounted to:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest income	8,455	8,061	26,567	21,580	4,234

(iv) Purchases of financial service principally represent interest charged on the loans and advances obtained from PetroChina and CP Finance. The total amount of these transactions during the Relevant Periods amounted to:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expenses	236,670	286,848	344,943	242,963	329,941

Information on loans from related parties are included in Note 29.

(v) The Target Group entered into agreements with the CNPC Group for leasing of its investment properties. The total rental income during the Relevant Periods amounted to:

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Rental income	3,889	5,862	3,557	877	2,076

(b) Key management compensation

	Year ended 31 December			Nine months ended 30 September	
	2007	**2008**	**2009**	**2009**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries and allowances	1,325	1,319	1,260	670	917
Retirement benefits – defined contribution schemes	75	69	78	57	77
	1,400	1,388	1,338	727	994

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC, its subsidiaries, the Target Group has transactions with other state-controlled entities include but not limited to (i) sales and purchases of goods and services; (ii) purchases of assets; (iii) lease of assets; and (iv) bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Target Group's business on terms comparable to those with other entities that are not state-controlled.

33 Segment information

The Target Group's principal activities are the construction, operation and management of pipelines. Currently the Target Group has only one business segment, the transmission of natural gas.

The Target Group is domiciled in the PRC. All its revenue from external customers is derived from; and all its non-current assets are located in the PRC.

For the years ended 31 December 2007, 2008 and 2009 and nine months ended 30 September 2009 and 2010, revenue of approximately RMB2,769,850,000, RMB3,722,237,000, RMB4,083,132,000, RMB2,377,780,000 and RMB3,367,946,000 is derived from three single customers.

34 Event after the date of the statement of financial position

On 29 October 2010, the Target Company entered into an agreement with CP Finance to obtain a facility amounting to RMB2,000,000,000 to finance its day-to-day operations.

35 First-time adoption of HKFRS

The Target Group's financial statements had been prepared in accordance with the ASBE. For the purpose of the consolidation of PetroChina, the Target Group has prepared financial information in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board.

In accordance with HKFRS 1 "First-time adoption of Hong Kong Financial Reporting Standards" issued by the HKICPA, 31 December 2007 represents the Target Group's first HKFRS reporting date. The Target Group considers ASBE to be its previous accounting standards when evaluating those applicable transitional exemptions that HKFRS 1 permits. The Target Group did not adopt any exemptions under the provisions of HKFRS 1.

For the purpose of preparing this Financial Information, the Target Group's financial information prepared in accordance with IFRS is adopted.

The transitions from ASBE to HKFRS in accordance with HKFRS 1 does not result in any change in the statement of changes in equity and the statement of comprehensive income of the Target Group prepared under the ASBE as of 1 January 2007, its transition date to HKFRS, or as of and for each of the years ended 31 December 2007, 2008 and 2009 and nine months ended 30 September 2009. The effect on the statement of comprehensive income of the Target Group for the nine months ended 30 September 2010 is as follow:

	RMB'000
Consolidated profit and total comprehensive income for the period under ASBE	1,818,381
Appropriation of other reserves	37,742
Consolidated profit and total comprehensive income for the period under HKFRS	1,856,123

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or its subsidiary in respect of any period subsequent to 30 September 2010. Save as disclosed in "Dividend attributable to owners of the Target Company" in Note 15(e) of Section II of this report, no dividend has been declared, made or paid by the Target Company or its subsidiary of any period subsequent to 30 September 2010.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

INTRODUCTION

The following is an illustrative and unaudited pro forma financial information of the Enlarged Group ("Unaudited Pro Forma Financial Information"), including unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of comprehensive income, unaudited pro forma consolidated statement of cash flows and unaudited pro forma statement of adjusted net tangible assets of the Enlarged Group, which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition (the "Acquisition") of a 60% equity interest (the "Relevant Equity Interest") in PetroChina Beijing Gas Pipeline Co., Ltd (the Target Company") by Kunlun Energy Company Limited (the "Company"), as if it had taken place on 30 June 2010 for the unaudited pro forma consolidated statement of financial position and the unaudited pro forma statement of adjusted net tangible assets and on 1 January 2009 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, results and cash flows of the Enlarged Group had the Acquisition been completed as at 30 June 2010 or 1 January 2009, where applicable, or at any future dates.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

			Pro forma adjustments				
	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Audited consolidated statement of financial position of the Target Group as at 30 September 2010	Other pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6(a)*	
Assets							
Non-current assets							
Property, plant and equipment	6,262,373	23,854,921	–	–	–	–	30,117,294
Investment properties	–	40,743	–	–	–	–	40,743
Advanced operating lease payments	142,005	257,060	–	–	–	–	399,065
Investment in the Relevant Equity Interest	–	–	21,973,315	–	(21,973,315)	–	–
Investments in jointly controlled entities	1,219,776	–	–	–	–	–	1,219,776
Investments in associates	4,567,057	–	–	–	–	–	4,567,057
Available-for-sale financial assets	93,978	–	–	–	–	–	93,978
Intangibles and other non-current assets	575,891	106,207	–	–	–	–	682,098
Deferred tax assets	40,757	2,609	–	–	–	–	43,366
	12,901,837	24,261,540	21,973,315	–	(21,973,315)	–	37,163,377
Current assets							
Inventories	46,325	268,349	–	–	–	–	314,674
Accounts receivable	486,208	50,630	–	–	–	–	536,838
Prepaid expenses and other current assets	992,463	571,959	–	–	–	–	1,564,422
Time deposits with maturities over three months	7,786	–	–	–	–	–	7,786
Cash and cash equivalents	8,590,404	63,381	–	–	–	–	8,653,785
	10,123,186	954,319	–	–	–	–	11,077,505
Assets held for sale	6,276	–	–	–	–	–	6,276
	10,129,462	954,319	–	–	–	–	11,083,781
Total assets	23,031,299	25,215,859	21,973,315	–	(21,973,315)	–	48,247,158

			Pro forma adjustments				
	Unaudited consolidated statement of financial position of the Group as at 30 June 2010	Audited consolidated statement of financial position of the Target Group as at 30 September 2010	Other pro forma adjustments				Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6(a)*	
Equity							
Equity attributable to owners of the Company							
Share capital	49,540	11,621,836	21,944	–	(6,973,101)	(4,648,735)	71,484
Retained earnings	11,777,869	214,170	–	(20,000)	–	(85,668)	11,886,371
Reserves	3,222,233	1,350,838	21,951,371	–	(15,000,214)	(540,335)	10,983,893
Total equity attributable to owners of the Company	15,049,642	13,186,844	21,973,315	(20,000)	(21,973,315)	(5,274,738)	22,941,748
Non-controlling interest	2,512,130	6,961	–	–	–	5,274,738	7,793,829
	17,561,772	13,193,805	21,973,315	(20,000)	(21,973,315)	–	30,735,577
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	1,553,924	3,809,086	–	20,000	–	–	5,383,010
Income tax payable	197,578	23,523	–	–	–	–	221,101
Other taxes payable	194,381	17,090	–	–	–	–	211,471
Short-term borrowings	942,042	571,407	–	–	–	–	1,513,449
	2,887,925	4,421,106	–	20,000	–	–	7,329,031
Non-current liabilities							
Long-term borrowings	1,792,942	7,600,948	–	–	–	–	9,393,890
Deferred tax liabilities	781,283	–	–	–	–	–	781,283
Other long-term obligations	7,377	–	–	–	–	–	7,377
	2,581,602	7,600,948	–	–	–	–	10,182,550
Total liabilities	5,469,527	12,022,054	–	20,000	–	–	17,511,581
Total equity and liabilities	23,031,299	25,215,859	21,973,315	–	(21,973,315)	–	48,247,158

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Pro forma adjustments			
	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	**Audited consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2009**	**Other pro forma adjustments**		**Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	*Note 6(b)*	
Revenue	5,280,185	6,977,121	–	–	12,257,306
Other gain, net	34,592	1,845	–	–	36,437
Interest income	39,067	30,288	–	–	69,355
Purchases, services and others	(2,340,132)	(958,729)	–	–	(3,298,861)
Employee compensation costs	(368,323)	(149,714)	–	–	(518,037)
Exploration expenses, including exploratory dry holes	(31,766)	–	–	–	(31,766)
Depreciation, depletion and amortisation	(556,364)	(1,511,830)	–	–	(2,068,194)
Selling, general and administrative expenses	(508,517)	(163,920)	(20,000)	–	(692,437)
Taxes other than income tax	(130,573)	(228,295)	–	–	(358,868)
Other income	64,425	–	–	–	64,425
Interest expenses	(134,975)	(242,373)	–	–	(377,348)
Share of profits less losses of:					
– Associates	255,681	–	–	–	255,681
– Jointly controlled entities	251,646	–	–	–	251,646
Profit before income tax expense	1,854,946	3,754,393	(20,000)	–	5,589,339
Income tax expense	(391,484)	(939,232)	–	–	(1,330,716)
Profit for the year	1,463,462	2,815,161	(20,000)	–	4,258,623

		Pro forma adjustments			
	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	**Audited consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2009**	**Other pro forma adjustments**		**Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	*Note 6(b)*	
Other comprehensive (loss)/income:					
Currency translation differences	(921,910)	–	–	–	(921,910)
Fair value gain on available-for-sale financial assets	32,859	–	–	–	32,859
Other comprehensive loss, net of tax	(889,051)	–	–	–	(889,051)
Total comprehensive income for the year	574,411	2,815,161	(20,000)	–	3,369,572
Profit for the year attributable to:					
– Owners of the Company	1,203,948	2,813,995	(20,000)	(1,125,598)	2,872,345
– Non-controlling interest	259,514	1,166	–	1,125,598	1,386,278
	1,463,462	2,815,161	(20,000)	–	4,258,623
Total comprehensive income for the year attributable to:					
– Owners of the Company	705,311	2,813,995	(20,000)	(1,125,598)	2,373,708
– Non-controlling interest	(130,900)	1,166	–	1,125,598	995,864
	574,411	2,815,161	(20,000)	–	3,369,572
Basic/pro forma basic earnings per share (HK cents)	26.79			*(Note 12)*	42.95

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

		Pro forma adjustments			
	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	Audited consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2009	Other pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	*Note 7*	
Cash flows from operating activities	1,544,071	5,962,656	(20,000)	–	7,486,727
Cash flows from investing activities					
Dividend received from associates	13,547	–	–	–	13,547
Dividend received from jointly controlled entities	94,264	–	–	–	94,264
Dividend received from available-for-sale financial assets	1,371	–	–	–	1,371
Acquisitions of subsidiaries and a plant engaging in LNG business	(491,270)	–	–	–	(491,270)
Acquisitions of associates	(704,097)	–	–	–	(704,097)
Capital contributions to jointly controlled entities	(39,994)	–	–	–	(39,994)
Acquisitions of available-for-sale financial assets	(13,046)	–	–	–	(13,046)
Prepayments for acquisition of a subsidiary	(89,161)	–	–	–	(89,161)
Purchase of non-controlling interest	(75,163)	–	–	–	(75,163)
Capital contributions to associates	(82,499)	–	–	–	(82,499)
Proceeds from disposal of available-for-sale financial assets	16,977	–	–	–	16,977
Proceeds from disposal of property, plant and equipment	167,040	52,614	–	–	219,654
Receipt in advance on disposal of assets held for sale	663,747	–	–	–	663,747
Capital expenditure	(1,554,438)	(6,622,922)	–	–	(8,177,360)
Interest received	39,067	30,288	–	–	69,355
Decrease in deposits with maturities more than three months	446,033	–	–	–	446,033

		Pro forma adjustments			
	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009	Audited consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2009	Other pro forma adjustments		Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 4*	*Note 7*	
Net cash used in investing activities	(1,607,622)	(6,540,020)	–	–	(8,147,642)
Cash flows from financing activities					
Capital contributions from non-controlling interest	64,913	–	–	526,347	591,260
Dividends paid to owners of the Company	(668,854)	(2,155,726)	–	2,155,726	(668,854)
Dividends paid to non-controlling interest	(38,937)	(1,135)	–	(862,290)	(902,362)
Increase in other long-term obligations	7,380	–	–	–	7,380
Issue of shares, net of share issue expenses	3,694,229	–	–	–	3,694,229
Capital contributions	–	1,315,867	–	(1,315,867)	–
Increase in borrowings	1,819,175	6,335,902	–	–	8,155,077
Repayments of borrowings	(2,133,025)	(4,523,329)	–	–	(6,656,354)
Interest paid	(69,014)	(391,491)	–	–	(460,505)
Net cash generated from financing activities	2,675,867	580,088	–	503,916	3,759,871
Net increase in cash and cash equivalents	2,612,316	2,724	(20,000)	503,916	3,098,956
Cash and cash equivalents at beginning of the year	4,751,176	23,959	–	–	4,775,135
Effect of foreign exchange rate changes	13,390	–	–	–	13,390
Cash and cash equivalents at end of the year	7,376,882	26,683	(20,000)	503,916	7,887,481

D. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

	Unaudited net tangible assets of the Group as at 30 June 2010	Unaudited net tangible assets of the Group per share as at 30 June 2010	Unaudited pro forma adjusted net tangible assets of the Enlarged Group as at 30 June 2010	Unaudited pro forma adjusted net tangible assets of the Enlarged Group per share as at 30 June 2010
	HK$'000	*HK$*	*HK$'000*	*HK$*
	Note 8	*Note 9*	*Note 10*	*Note 11*
Net tangible assets attributable to owners of the Company	14,645,293	2.9562	22,532,008	3.1520

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The amounts are extracted without adjustment from the unaudited consolidated statement of financial position of the Group as at 30 June 2010 and the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2009 as set out in Appendix II of this circular.

2. The amounts are derived without adjustment from the accountant's report on the Target Company as set out in Appendix III of this circular, and converted into Hong Kong dollar using an exchange rate of RMB1 to HK$1.1349, being the exchange rate adopted by the Company for the year ended 31 December 2009 and as at 30 June 2010.

3. The adjustment represents the total consideration of RMB18,870.9 million (equivalent to approximately HK$21,973.3 million) for the acquisition of the Relevant Equity Interest, to be satisfied by the issuance of 2,194,384,791 new Shares ("Consideration Shares"). For the purpose of this Unaudited Pro Forma Financial Information, the fair value of each Consideration Share is deemed to be HK$10.02 per share, being the Issue Price as per the Acquisition Agreement.

   Since the fair values of the Considerations Shares to be issued at the Completion date may be substantially different from their fair values used in preparing this Unaudited Pro Forma Financial Information, the amount of the consideration and, accordingly, the amount of investment cost of the Company in the Relevant Equity Interest at the Completion date may be different from the amounts presented above and the difference may be significant.

4. The adjustment represents the estimated transaction costs of approximately HK$20.0 million payable by the Company in connection with the Acquisition, which is assumed to be paid within one year after the Completion of the Acquisition.

   This adjustment is not expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income and consolidated statement of cash flows.

5. Prior to the Acquisition, the Target Company and the Company were under common control of PetroChina. Upon Completion, the assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group using merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The adjustment represents consolidation entries for the elimination of investment cost of the Company in the Relevant Equity Interest against the paid-up capital attributable to the Relevant Equity Interest, and the excess amount is recognised as merger reserve.

   Since the fair values of the Consideration Shares to be issued at the Completion date may be substantially different from their fair values used in preparing this Unaudited Pro Forma Financial Information, the amount of the investment cost and, accordingly, the amount of merger reserve at the Completion date may be different from the amounts presented above and the difference may be significant.

6. The adjustment represents:

   (a) the elimination of equity attributable to Beijing Gas Group Company Limited and the recognition of non-controlling interest; and

   (b) the recognition of profitable attributable to Beijing Gas Group Company Limited . This adjustment is expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income.

7. The adjustment represents:

   (a) the elimination of the dividends for the year ended 31 December 2008 amounting to HK$1,293.4 million paid by the Target Company in connection with the Relevant Equity Interest which was assumed to be paid to the Company during the year ended 31 December 2009 had the acquisition been completed on 1 January 2009, and together with the reclassification of the remaining dividends for the year ended 31 December 2008 amounting to HK$862.3 million paid by the Target Company as dividends paid to non-controlling interest; and

   (b) the elimination of the capital contributions amounting to HK$789.5 million received by the Target Company in connection with the Relevant Equity Interest which was assumed to be contributed by the Company during the year ended 31 December 2009 had the acquisition been completed on 1 January 2009, and together with the reclassification of the remaining capital contributions amounting to HK$526.3 million received by the Target Company as capital contributions from non-controlling interest.

   This adjustment is expected to have continuing effect on the Enlarged Group's consolidated statement of cash flows.

8. The unaudited net tangible assets of the Group as at 30 June 2010 is calculated based on the amount of unaudited net assets attributable to owners of the Company as at 30 June 2010 of approximately HK$15,049.6 million as set out in the unaudited consolidated statement of financial position of the Group in Appendix II to this circular, less the amount of unaudited intangible assets as at 30 June 2010 of approximately HK$404.3 million which mainly represents goodwill arising from an acquisition of an associate amounting to approximately HK$397.7 million.

9. The number of shares used for the calculation of unaudited net tangible assets per share of the Group is 4,954,023,512 Shares, being the number of shares in issue as at 30 June 2010.

10. The unaudited pro forma adjusted net tangible assets of the Enlarged Group as at 30 June 2010 is calculated based on the amount of unaudited pro forma adjusted net assets attributable to owners of the Company as at 30 June 2010 of approximately HK22,941.7 million as set out in the unaudited

pro forma consolidated statement of financial position of the Enlarged Group in Section A above, less the amount of unaudited pro forma intangible assets of HK$409.7 million which mainly represents goodwill arising from an acquisition of an associate amounting to approximately HK$397.7 million.

11. The number of shares used for the calculation of unaudited pro forma adjusted net tangible assets per share of the Enlarged Group is 7,148,408,303 Shares, comprising 4,954,023,512 shares in issue as at 30 June 2010 and Consideration Shares of 2,194,384,791 Shares to be issued as described in Note 3 above.

12. The basic earnings per share of the Group is extracted without adjustment from the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2009 as set out in Appendix II of this circular.

    The calculation of unaudited pro forma basic earnings per share of the Enlarged Group is based on the pro forma profit of the Enlarged Group attributable to owners of the Company for the year ended 31 December 2009 of approximately HK$2,872.3 million and the number of shares of 6,688,319,670 Shares which is the weighted average number of ordinary shares in issue during the year ended 31 December 2009 of 4,493,934,879 Shares plus the Consideration Shares of 2,194,384,791 Shares, assuming that the Acquisition and the Consideration Shares issue had been completed on 1 January 2009.

13. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2010.

E. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF KUNLUN ENERGY COMPANY LIMITED

We report on the unaudited pro forma financial information set out on pages IV-1 to IV-10 under the heading of "Unaudited Pro Forma Financial Information" (the "Unaudited Pro Forma Financial Information") in Appendix IV of the circular dated 19 February 2011 (the "Circular") of Kunlun Energy Company Limited (the "Company"), in connection with the proposed acquisition of a 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd (the "Transaction") by the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Company and its subsidiaries (together, the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages IV-1 to IV-10 of the Circular.

Respective responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountant's Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited net tangible assets and the unaudited consolidated statement of financial position of the Group as at 30 June 2010, the audited statement of comprehensive income and the audited statement of cash flows of the Group for the year ended 31 December 2009 with the unaudited consolidated financial information of the Company for the six months ended 30 June 2010 as set out in the 2010 interim report of the Company and the audited consolidated financial statements of the Company for the year ended 31 December 2009 as set out in the 2009 annual report of the Company respectively, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the net tangible assets and financial position of the Group as at 30 June 2010 or any future date, or

– the results, cash flows and earnings per share of the Group for the year ended 31 December 2009 or any future periods.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 19 February 2011

Assessment and Consultation Report
on
the equity value of
PetroChina Beijing Gas Pipeline Co., Ltd
to
Kunlun Energy Company Limited

Zhong Qi Hua Ping Zhi Zi [2010] No. 651

Beijing China Enterprise Appraisals Co., Ltd.
(北京中企華資產評估有限責任公司)
18 November 2010

Assessment and Consultation Report on the equity value of PetroChina Beijing Gas Pipeline Co., Ltd to Kunlun Energy Company Limited

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Statement

I. We have observed the related laws, regulations and standards on asset valuation and adhered to the independent, objective and fair principles in the implementation of this asset valuation. Based on the information gathered in the valuation process, the information set out in this valuation report is objective and we assume the corresponding legal liabilities for the reasonableness of the valuation conclusion.

II. The list of assets in relation to the appraised subject has been reported and endorsed by the Appraised Entity. The principal and related parties shall be responsible for the validity, legality, completeness of the information provided and the appropriate use of the valuation report.

III. We have no existing or prospective interests in the appraised subject of this valuation report; and we have no existing or prospective interests with the concerned parties or any bias towards the concerned parties.

IV. We have conducted on-site investigation and given due consideration to the status of the legal title of the appraised subject of this valuation report and the relevant assets and examined the relevant information regarding the legal title of the appraised subject and the relevant assets. We have duly disclosed issues discovered and have requested the principal and the concerned parties to perfect the titles for the purpose of issuing the valuation report.

V. The analysis, judgments and conclusion set out in our valuation report are subject to the assumptions and limitations set out in the valuation report. Users of the valuation report should give due considerations to the assumptions, limitations and special issues set out in the valuation report and their impacts on the valuation conclusion.

Assessment and Consultation Report
on
the equity value of
PetroChina Beijing Gas Pipeline Co., Ltd
to
Kunlun Energy Company Limited
Summary of the Assessment and Consultation Report

Zhong Qi Hua Ping Zhi Zi [2010] No. 651

Important

The following contents have been extracted from the full text of the valuation report. Please read the full text of the valuation report for details and for a reasonable understanding of the valuation conclusion.

As Kunlun Energy Company Limited needs to understand the market value of the entire shareholders' equity of PetroChina Beijing Gas Pipeline Co., Ltd, Beijing China Enterprise Appraisals Co., Ltd. has accepted the engagement by Kunlun Energy Company Limited to assess the market value of the entire shareholders' equity of PetroChina Beijing Gas Pipeline Co., Ltd, so as to provide valuation consultation service to the principal.

In accordance with the relevant PRC regulations related to asset valuation, and based on the independent, objective and fair principles, as well as performing all necessary appraisal procedures. Beijing China Enterprise Appraisals Co., Ltd. has adopted both asset-based approach and income approach in the course of the valuation of the entire shareholders' equity of PetroChina Beijing Gas Pipeline Company Limited. Based on the features of the appraised subject, the valuation conclusion determined under the income approach has been adopted as the final valuation conclusion of this report.

Considering the entity as a going concern, on the valuation date, 30 September 2010, the entity had total assets with carrying amount of RMB22,180,068,600, total liabilities with carrying amount of RMB10,576,072,300 and net assets with carrying amount of RMB11,603,996,300 (the carrying amounts are extracted from the audited financial statements prepared in accordance with the Accounting Standards for Business Enterprise of the PRC for the nine months ended 30 September 2010). The entire shareholders' equity is valued at RMB31,451,556,000, representing an increase in value of RMB19,847,559,700 or 171.04%.

This report is a valuation and consultation report solely for the purpose of providing consultation service for the principal to understand the market value of the appraised subject, and has no legal effect. The report is valid for one year from the valuation date.

Users of this valuation report are reminded to pay particular attention to the valuation assumptions and limitations set out in the valuation report, and the explanations on special issues.

Assessment and Consultation Report
on
the equity value of
PetroChina Beijing Gas Pipeline Co., Ltd
to
Kunlun Energy Company Limited

Zhong Qi Hua Ping Zhi Zi [2010] No. 651

Kunlun Energy Company Limited,

We, Beijing China Enterprise Appraisals Co., Ltd., under the engagement of Kunlun Energy Company Limited has made the valuation on the market value of the entire shareholders' equity of PetroChina Beijing Gas Pipeline Co., Ltd as at 30 September 2010, in accordance with relevant laws, regulations, asset valuation standards and principles and in compliance with all necessary valuation procedures by adopting both asset-based approach and income approach.

The asset valuation details are set out below:

I. The principal, appraised entity and other users (excluding the principal) of the valuation report

(i) The principal

1. Name: Kunlun Energy Company Limited

2. Address: Room 3907-3910, 39th Floor, 118 Connaught Road West, Hong Kong

3. Business nature: investment holding

4. Corporate profile

Kunlun Energy Company Limited (hereinafter referred to as "Kunlun Energy" or the "Company") is a company headquartered in Hong Kong, incorporated in Bermuda, and listed on Main Board of the Hong Kong Stock Exchange. It is an international energy company with PetroChina Company Limited being its controlling shareholder. The Company, with the stock code 00135.HK, is one of the constituent stocks of the Hang Seng China Enterprises Index.

The main business of the Company covers the exploration and development of oil and gas field, end users sales and comprehensive utilisation of natural gas. The exploration and development of oil and gas field operations are distributed in 7

countries including the Mainland China, Kazakhstan, Oman, Peru, Thailand, Azerbaijan and Indonesia. The end users sales and comprehensive utilisation of natural gas operations are mainly located in the Mainland China.

Kunlun Energy strives to become the largest corporate engaging in end users sales and comprehensive utilisation of natural gas operations. The Company insists on leading in the direction of energy-saving, less emission and greener development, paying more efforts in developing the low-carbon clean energy and new energy business. Under the premise of maintaining stable operation of the existing exploration and development business, actively promoting the swift development of natural gas end-users sale and comprehensive utilisation business, focusing on the development of liquefied natural gas (LNG) business, implementing the strategy of "replacing oil with gas", and actively developing the high-end market of natural gas utilisation. The Company has officially changed its name from CNPC (Hong Kong) Limited to Kunlun Energy Company Limited on 22 March 2010, so as to better promote the concept of "Low Carbon Economy Green Development", that the Company upholds, and broadens the content of its business development.

The controlling shareholder of Kunlun Energy is PetroChina Company Limited (hereinafter referred to as "PetroChina"), is the PRC's largest manufacturer and provider of oil and gas. PetroChina has developed its natural gas business as a strategic, historic and growth business. The natural gas downstream end-users sale business, being an important value realisation segment of natural gas industry chain, will be developed by Kunlun Energy as the main investment vehicle. Hence, the Company will have strong support from PetroChina in areas of manpower, technology and resources, etc., with a view to creating synergy in the development of both companies, in terms of exploitation of natural gas resource as well as sales and marketing.

Kunlun Energy will uphold "integrity and innovation", the core business philosophy of PetroChina, and the principle of the corporate, "contribution of energy and create harmony". Leveraging on the advantages of a red-chip company, it will capitalise on both domestic and international resources and markets and grasp the unprecedented opportunities to realise a striding development. The Company strives to become a highly competitive international energy company with end users sale of natural gas, comprehensive utilisation of natural gas and development of new energy as its core business, so as to create greater value for shareholders.

(ii) The appraised entity

1. Name: PetroChina Beijing Gas Pipeline Co., Ltd

2. Company address: 9 Datun Road, Chaoyang District, Beijing

3. Registered capital: RMB10,240,000,000

4. Legal representative: Zhang Yu

5. Corporate type: other company with limited liability

6. Scope of business: General business: organising and managing the planning, design and construction of Beijing's natural gas pipeline and ancillary project; coordinating, arranging and managing the gas supply from oil field to Beijing; organising the comprehensive utilisation of oil and gas in Beijing; providing technical services of the gathering, transmission, processing and use of natural gas; technology development, consultation, transfer and training; export of the technological products produced by the Company; and the import of mechanical equipment, spare parts, raw and supplementary materials and technology needed by the Company, except for the goods and technology for which are restricted to specific companies or are prohibited for import and export by the State.

7. Corporate history and profile: PetroChina Beijing Gas Pipeline Co., Ltd (hereinafter referred to as "Beijing Pipeline"), formerly known as Beijing Natural Gas Gathering and Transmission Company（北京天然氣集輸公司), was a joint venture established by China National Petroleum Corporation ("CNPC") and People's Government of Beijing Municipality on 14 December 1991. It is a regional company under CNPC, specialising in pipeline construction and operation management, and mainly responsible for the construction, operation and management of the gas pipeline projects supplying gas from Shaanxi, Gansu and Ningxia to Beijing. The company was restructured in July 2002, and changed its name to Beijing Huayou Natural Gas Company Limited （北京華油天然氣有限責任公司), and subsequently changed its name into Beijing Pipeline.

After the restructuring in July 2002, PetroChina and Beijing Gas Group Co., Ltd.（北京市燃氣集團有限責任公司）became the shareholders of Beijing Pipeline. The registered capital of Beijing Pipeline was RMB5,386,625,000. PetroChina has contributed RMB3,231,975,000 in cash, accounting for 60% of the registered capital. Beijing Gas Group Co., Ltd. has contributed RMB2,154,650,000 in cash, accounting for 40% of the registered capital. Beijing Pipeline has increased its registered capital in 2007, 2008, 2009 and 2010 respectively. As of 30 September 2010, the registered capital of Beijing Pipeline reached RMB10.24 billion, of which PetroChina has contributed RMB6.144 billion in cash, accounting for 60% of the registered capital; and Beijing Gas Group Co., Ltd. has contributed RMB4.096 billion in cash, accounting for 40% of the registered capital.

Beijing Pipeline is the affiliated enterprise of CNPC and is mainly responsible for the construction, operation and management of the Shaanxi-Beijing gas pipelines, taking up the mission of maintaining safe and stable gas supply for the Beijing and Northern China region. The company has been running the No. 1 Shaanxi-Beijing Pipeline（陝京一線）and No. 2 Shaanxi-Beijing Pipeline（陝京二線）. The No. 3 Shaanxi-Beijing Pipeline（陝京三線）project will commence operation by the end of this year. Upon the joint operation of the No. 2 and No. 3 Shaanxi-Beijing Pipeline in 2011, the aggregate gas transmission capacity of the company will reach 32 billion cubic meters per year. Upon the commencement of

operation of transmission enhancement project for No. 3 Shaanxi-Beijing Pipeline, the aggregate gas transmission capacity of the Company will reach 35 billion cubic meters per year.

8. The following table sets out the main indicators of the financial status of the company:

(1) The assets and liabilities position of Beijing Pipeline from 2007 to September 2010

Unit: RMB 0'000

Items		2007	2008	2009	September 2010
1.	**Total current assets**	73136.81	131850.14	26698.58	91321.93
	Monetary capital	828.62	1299.46	1462.86	4002.08
	Accounts receivable	995.70	2856.69	1135.00	4766.93
	Prepayments	47244.62	36214.26	1903.71	8822.83
	Other receivables	1102.65	71049.97	252.71	50296.76
	Inventory	22965.22	20429.77	21944.29	23433.32
2.	**Total non-current assets**	1252790.94	1428544.21	1922005.58	2126684.93
	Long term equity investment	960.00	960.00	960.00	960.00
	Investment property	6063.71	7097.22	3873.72	3589.95
	Fixed assets	1121793.73	1068515.98	1440238.28	1443621.22
	Construction in progress	62247.46	288079.72	431367.53	641095.36
	Construction materials	43730.70	40506.41	22590.89	14063.90
	Intangible assets	17734.63	23154.95	22745.24	23124.59
	Deferred Income tax asset	260.71	229.92	229.92	229.92
3.	**Total assets**	1325927.75	1560394.35	1948704.16	2218006.86
4.	**Total current liabilities**	168808.04	461150.55	167830.21	387887.73
	Short term borrowings	21702.55	1776.68	2423.08	346.68
	Accounts payable	109602.99	80918.98	145913.21	159346.26
	Receipts in advance	1500.68	1655.39	1689.54	1592.62
	Staff remuneration payables	1133.24	1007.79	2521.61	2860.19
	Tax payables	11825.56	25423.20	12988.05	3501.49
	Interest payables	22.00	–	–	–
	Dividend payables	–	–	–	163633.00
	Other payables	3021.02	2227.90	2294.72	6607.50
	Non-current liabilities due within 1 year	20000.00	348140.60	–	50000.00
	Other current liabilities	–	–	–	–
5.	**Total non-current liabilities**	398140.60	144000.00	651700.00	669719.50
	Long term borrowings	398140.60	144000.00	651700.00	669719.50
6.	**Total liabilities**	566948.64	605150.55	819530.21	1057607.23
7.	**Net assets (owner's equity)**	758979.11	955243.80	1129173.95	1160399.63

(2) The profit and loss position of Beijing Pipeline from 2007 to September 2010

Unit: RMB 0'000

Items	2007	2008	2009	September 2010
1. Operating Income	383869.01	526619.17	607482.12	503659.91
Less: Operating cost	166953.40	186299.29	218637.53	208063.51
Business tax and surcharges	12704.71	17378.12	20066.80	16623.51
Selling expenses	4176.78	9612.03	11958.49	10430.68
General and administrative expenses	7012.17	7570.52	8182.59	10070.52
Finance expenses	23285.47	23146.14	18586.71	16021.21
Asset impairment losses	1042.82	–	–	–
Investment gain	–	400.00	400.00	480.00
2. Operating profit	168693.65	283013.06	330450.00	242930.47
Add: Non-operating income	360.38	1179.74	302.75	11.63
Less: Non-operating expenses	1171.63	934.77	241.05	13.41
3. Total profit	167882.40	283258.03	330511.70	242928.69
Less: Income tax expenses	57025.81	72288.34	82581.55	60726.72
4. Net profit	110856.59	210969.70	247930.15	182201.97

(3) Analysis of the main financial indicators of Beijing Pipeline from 2007 to September 2010

Economic Indicators	2007	2008	2009	September 2010
Ratio of assets to liabilities (%)	42.76%	38.78%	42.06%	47.68%
Current ratio	43.33%	28.59%	15.91%	23.54%
Quick ratio	29.72%	24.16%	2.83%	17.50%
Inventory turnover ratio	7.61	8.59	10.32	9.17
Inventory turnover days	47.31	41.93	34.89	39.26
Accounts receivable turnover ratio	515.44	273.40	304.37	170.68
Accounts receivable turnover days	0.70	1.32	1.18	2.11
Current assets turnover	5.82	5.14	7.66	8.54
Total assets turnover	0.15	0.36	0.35	0.24
Yield of net asset (%)	14.61%	24.61%	23.79%	15.92%
Return on total assets (%)	13.03%	19.63%	18.84%	11.66%
Operating profit margin	43.95%	53.74%	54.40%	48.23%
Operating cost ratio	43.49%	35.38%	35.99%	41.31%

(iii) Other users of the report are industry associations.

II. Purpose of valuation

As Kunlun Energy needs to understand the market value of the entire shareholders' equity of Beijing Pipeline, Beijing China Enterprise Appraisals Co., Ltd. has accepted the engagement by Kunlun Energy to assess the market value of the entire shareholders' equity of Beijing Pipeline, so as to provide valuation consultation service to the principal.

III. Subject and scope of valuation

(i) Subject of valuation

The entire shareholders' equity of Beijing Pipeline.

(ii) Scope of valuation

The scope of valuation is to assess the entire asset and related liabilities of Beijing Pipeline, specific subjects of valuation include current assets, long-term equity investments, investment property, fixed assets (buildings, gas pipelines and machinery and facilities), construction in progress, construction materials, intangible assets, deferred income tax assets, current liabilities and non-current liabilities. The carrying amount of the assets as at the valuation date was RMB22,180,068,600, while that of total liabilities amounted to RMB10,576,072,300 and net assets amounted to RMB11,603,996,300 (the carrying amounts are extracted from the audited financial statements prepared in accordance with the Accounting Standards for Business Enterprise of the PRC for the nine months ended 30 September 2010).

All assets under this appraisal are the same as those undertaken in the appraisal engagement.

(iii) The major assets of Beijing Pipeline are natural gas pipelines, gas storage and booster station, which are built by Beijing Pipeline. Besides the No. 3 Shaanxi-Beijing Pipeline which is still under construction, other pipelines and facilities are in normal operation.

The No. 1 Shaanxi-Beijing Pipeline project runs from west to east from Jingbian county, Shaanxi province to Shijingshan, Beijing with a total length of 910.5 km and a designed annual gas transmission capacity of 3.0 billion cubic meters. The No. 2 Shaanxi-Beijing Pipeline project runs from west to east from Yulin, Shaanxi to Caiyu last station in Beijing with a total length of 934.6 km. Upon the completion of transmission enhancement project, the gas transmission capacity of the No. 2 Shaanxi-Beijing Pipeline increased to 17 billion cubic meters per year.

Gas storages include Dazhangtuo Underground Gas Storage, Ban 876 Underground Gas Storage, Ban Mid-northern Underground Gas Storage, Ban Mid-southern Underground Gas Storage, Ban 808 Underground Gas Storage, 828 Underground Gas Storage and Jing 58 Gas Storage.

The No. 3 Shaanxi-Beijing Pipeline begins in the west from Yulin, Shaanxi province and ends at the Xishaztun station in Changping district of Beijing with a total length of 1,026 km and a designed transmission capacity of 15 billion cubic meters per year. The construction commenced in 2009 and its phase I project is expected to be completed in December 2010.

Machinery and equipment mainly include station equipment along the gas pipeline, specialised equipment of natural gas compressor stations, natural gas storage devices. It also includes facilities like heating, electricity supply, water supply, fire fighting equipment and office related facilities, living related facilities, and vehicles.

(iv) It has 166 pieces of land with a total area of 1,453,011.43 square meters. The land use rights certificates for 58 pieces of land have been obtained, of which 5 pieces of land with a total area of 30,713.85 square meters are granted lands, and the remaining lands are allocated land.

IV. Type and definition of valuation

The asset value assessed in this valuation is the market value under the premise of ongoing concern. Market value refers to the estimated value of the valuation subject under normal and fair transaction reasonably conducted on the valuation date between a willing buyer and a willing seller without compulsion.

V. Valuation date

The valuation date of this project is 30 September 2010. The main consideration in determining the valuation date is the possibility of the realisation of the economic activity, taking into account factors including whether it is close to the date of realisation of the purpose.

The valuation date is determined upon discussion between the principal, appraised entity and valuer, taking into consideration of the economic activity.

VI. Basis of valuation

(i) Basis of regulations

1. "Administrative Measures on the Valuation of State-Owned Assets" (Order No.91 of the State Council, 1991);

2. "Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises" (Order No.12 of SASAC);

3. "Detailed Rules for the Implementation of the Administrative Measures for State-Owned Assets Assessment" (Guo Zi Ban Fa [1992] No.36 of the National State-Owned Assets Administration Bureau);

4. "Notice of Certain Issues on Strengthening Administration on State-Owned Assets Appraisal" (Guo Zi Wei Chan Quan [2006] No. 274);

5. "Provisional Regulations on Supervision and Administration of State-owned Assets of the Enterprises" (Order No.378 of the State Council, 2003);

6. Order No.5 of the President of the People's Republic of China "Law of the People's Republic of China on the State-owned Assets of Enterprise";

7. "Accounting Standards for Business Enterprises" (Ministry of Finance, Cai Kuai [2006] No. 3);

8. "Land Administration Law of the People's Republic of China";

9. "City Planning Law of the People's Republic of China";

10. "Urban Real Estate Administration Law of the People's Republic of China";

11. "Implementation Rules of the Land Administration Law of the People's Republic of China";

12. "Interim Regulation of the People's Republic of China Concerning Granting and Transferring of State-owned Land Use Rights in Urban Areas" of the State Council;

13. "Valuation Procedures of Land in Urban and Town Areas" (GB/T18508-2001));

14. "Rating Procedures of Land in Urban and Town Areas" (GB/T18507-2001);

15. Other relevant laws, regulations and notices.

(ii) Basis of valuation principles

1. "Regulatory Opinions on Operation of Assets Appraisal" (Trial)(China Appraisal Society, Zhong Ping Xie [1996] No.3);

2. "Guidance on Appraisal of Enterprise Value (Trial)" (Zhong Ping Xie [2004] No.134);

3. Notice on the issuance of the "Principles for Assets Appraisal – Basic Principles" and "Ethical Norms for Assets Appraisal – Basic Norms" by the Ministry of Finance (Cai Qi [2004] No. 20 of the Ministry of Finance);

4. Notice on the issuance of seven asset appraisal principles such as the "Principles for Assets Appraisal – Appraisal Report" by the China Appraisal Society (Zhong Ping Xie [2007] No.189);

5. Notice on the issuance of the "Guidelines on Appraisal Reports of State-owned Assets of Enterprises" by the China Appraisal Society (Zhong Ping Xie [2008] No.218);

6. "Guidance to Entitlement of Valuation Object for Certified Assets Appraisers" (Kuai Xie [2003] No. 18 of the Chinese Institute of Certified Public Accountants).

(iii) Basis of ownership

1. State-owned Land Use Rights Certificate;

2. Building Ownership Certificate;

3. Vehicle license;

4. Invoice and contract of equipment acquisition;

5. Long term investment agreement;

6. Other title documentations.

(iv) Pricing basis

1. Lending rates on the valuation date;

2. Statistic and analytical data of the national macro-economy, industry, regional market and enterprises;

3. Budget, tender and completion drawing of the relevant projects provided by the appraised entity;

4. "Fixed Consumption for Construction Projects in Shaanxi Province" (2006);

5. "Fixed Consumption for Decoration Projects in Shaanxi Province" (2006);

6. "Fixed Consumption for Installation Projects in Shaanxi Province" (2006);

7. "Fixed Rates for Construction Projects in Shaanxi Province" (2006);

8. "Fixed Consumption for Construction Projects in Shanxi Province" (2005);

9. "Consolidated Pricing List for the Fixed Consumption for Construction Projects in Shanxi Province" (2005);

10. "The Supplementary Items of the Checklist of the Amount of Construction Works and Pricing Guidelines for the Construction Projects in Shanxi Province" (2005);

11. "Consolidated Pricing List for the Fixed Consumption for Decoration and Fitting-up Projects in Shanxi Province" (2005);

12. "The Supplementary Items of the Checklist of the Amount of Construction Works and Pricing Guidelines for the Decoration and Fitting-up Projects in Shanxi Province" (2005);

13. "Fixed Rates for Construction Projects in Shanxi Province" (2005);

14. "Other Rate Standards for Construction Projects in Shanxi Province" (2005);

15. "Fixed Consumption for National Construction Projects, Fixed Consumption for Hebei Province" (2008);

16. "Fixed Consumption for National Construction and Decoration and Fitting-up Projects, Fixed Cosumption for Hebei Province" (2008);

17. "Fixed Consumption for National Installation Projects, Fixed Consumption for Hebei Province" (2008);

18. "Rate Standards for Construction, Installation, Municipal, Decoration, Fitting-up Projects in Hebei Province" (2008);

19. "Fixed Budgetary Estimation for Construction Projects in Beijing" Construction Projects (2004);

20. "Fixed Budgetary Estimation for Construction Projects in Beijing" Decoration Projects (2004);

21. "Fixed Budgetary Estimation for Construction Projects in Beijing Installation Projects" (2004);

22. "Fixed Budgetary Estimation for the Cost of Construction Projects in Beijing" (2004);

23. "Budget Base Price of Construction Projects in Tianjin" (2008);

24. "Budget Base Price of Decoration and Fitting-up Projects in Tianjin" (2008);

25. "Budget Base Price of Installation Projects in Tianjin" (2008);

26. Local price information of Shaanxi Province, Shanxi Province, Hebei Province, Beijing and Tianjin in September 2010;

27. "Fixed Construction Period for National Construction and Installation Projects" Jianbiao [2003] No.38 of the Ministry of Construction;

28. "Assessment Standards for the Grading of Integrity or Damage of Buildings" issued by Ministry of Urban and Rural Construction and Environmental Protection in November 1984;

29. Zhong You Ji Zi [2000] No.106 "Fixed Budgetary Estimation for Oil Construction and Installation Projects";

30. Zhong You Ji Zi [2005] No.519 "Fixed Rates for Oil Construction and Installation Projects";

31. Shi You Ji Zi [2003] No.71, regarding the issuance of "Supplementary Rules on Other Expenses of the Construction Projects of PetroChina;

32. "Basis of Provisional Supplementary Pricing of West-to-East Gas Pipeline Project" of PetroChina (Shi You Ji Zi [2001] No.108);

33. "Handbook of Mechanic and Electric Products Quotation 2010" published by China Machine Press;

34. Guo Jing Mao Jing [1997] No.456 "Notice on the Issuance of Obsolescence Standard on Motor Vehicle", Guo Jing Mao [1998] No.407 "Notice on the Amendments to Obsolescence Standards on Light Truck", and Guo Jing Mao Zi Yuan [2000] No.1202 "Notice on the Amendments to Obsolescence Standards on Motor Vehicle" promulgated by relevant national ministries in 1997, 1998 and on 18 December 2000 respectively;

35. "UDC Joint Business Information" of September 2010;

36. "HC Business Information" of September 2010;

37. "Heima News Flash" of September 2010;

38. Notice on the publication of the "Administrative Measures on Engineering Survey and Design Fees" by State Development and Planning Commission and Ministry of Construction on 7 January 2002 (Ji Jia Zi [2002] No. 10);

39. Notice on the publication of "Administrative Measures on Construction Projects Supervision Fees and Related Services" by the National Development and Reform Commission and the Ministry of Construction on 30 March 2007 (Fa Gai Jia Ge [2007] No. 670);

40. "Method of Granting and Transferring of State-owned Land Use Rights" of Shaanxi Province;

41. Implementation Measures for the "Interim Regulations of the People's Republic of China on Farmland Occupation Tax" of Shaanxi Province (People's Government of Shaanxi Province, Order No. 141);

42. "Administrative Measures on Raising and Usage of the Construction Fund for Water Conservancy of Shaanxi Province" (People's Government of Shaanxi Province, Order No. 116);

43. "Notice on Charges of Development Fees of Agricultural Land and Related Issues of Usage and Management" (Shaan Guo Tu Zi Fa [2000] No.14);

44. "Notice on the Publication of the Provincial Average Standard of Unified Annual Output Value for Land Appropriation and Consolidated Land Cost of Regions by the General Office of the People's Government of Shaanxi Province" (Shaan Zheng Ban Fa (2010) No. 36);

45. "Notice on the "Implementation Measures for Farmland Occupation Tax of Shanxi Province" by the People's Government of Shaanxi Province" (Jin Zheng Fa [1987] No. 64);

46. Notice on the Publication of the "Administrative Measures on the Fund for Development and Construction of the New Vegetable Field of Shanxi Province" by the Land Bureau of Shanxi Province (Jin Tu Guan [1990] No.8);

47. "Implementation Measures on the Granting and Transferring of State-owned Land Use Right in Urban Area of Shanxi Province";

48. "Notice on Strengthening Relevant Issues related to Disposal of State-owned Land Assets" by Department of Land Resources of Shanxi province (Jin Guo Tu Zi Fa [2005] No. 352);

49. "Notice on the Implementation of Regional Price for Land Appropriation of the People's Government of Hebei Province" (Ji Zheng [2008] No. 132);

50. "Notice on Re-examination of the Administrative Fees and the Standard of Land Management System" jointly issued by Hebei Province Price Bureau and Department of Finance (Qi Jia She Fei Zi [1992] No. 134);

51. "Notice on the Announcement of the Cancellation and Cessation of the Collection of 108 Items of Administrative Fees by the General Office of the People's Government of Hebei Province" (Ji Zheng Ban Han [2008] No. 57);

52. "Notice on the Applicable Rate for Farmland Occupation Tax for the Counties (Cities and Districts) of the People's Government of Hebei Province" by the People's Government of Hebei Province (Ji Zheng Han [2008] No.91);

53. "Notice on Amendments to the Standard Government Net Income on Land Grant Premium Collected Retroactively for Existing Items" (13 March 2007);

54. "Administrative Measures on the Additional Land Grant Premium for Trasferring of Building on the Allocated State-owned Land of Tianjin" (3 April 2007);

55. "Approval of the Promulgation and Implementation of the Updated Results of the Benchmark Land Premium for City Center District and Districts, Counties and Towns of Tianjin" (Jin Zheng Han (2006) No.40);

56. "Notice on the Implementation of the Benchmark Land Premium for our City Center District and Districts, Counties and Towns" (Jin Guo Tu Fang Ji (2006) No. 451);

57. "Approval of the Amendments to the Benchmark Land Premium for our City Center District and Districts, Counties and Towns" (Jin Zheng Han [2007] No.48);

58. "Notice on the Amendments to the Benchmark Land Premium for the Granting of State-owned Land Use Rights of Beijing by the People's Government of Beijing" (Jing Zheng Fa [2002] No.32);

59. Relevant valuation information recorded collected from on-site inspection by our valuers.

(v) References and others

1. The asset declaration form and questionnaire provided by the appraised entity;

2. "Manual of Data and Parameters Frequently Used in Assets Valuation";

3. Financial statements as at the valuation date provided by the appraised entity;

4. Statistical data and technological standard information issued by relevant government departments and other relevant information gathered by the valuation institution.

VII. Valuation methodology

(I) Introduction of valuation approaches

The methods of commonly used in asset valuation include asset-based approach, market approach and income approach.

1. Asset-based approach is a valuation method whereby the value of the appraised subject is determined on the basis of a reasonable assessment of the value of all assets and liabilities of the enterprise.

2. Market approach is a valuation method whereby the value of the appraised subject is determined by comparing the appraised subject with reference enterprises, enterprises and equity assets such as equity interests and securities with market transaction records.

3. Income approach is a valuation method whereby the value of the appraised subject is determined by discounting the forecasted income of the appraised enterprise.

(II) Selection of valuation approach for assessing the value of the total equity interest in Beijing Pipeline

1. In respect of market approach

Taking into account of the special characteristics of the appraised subject of the valuation, comparable transaction cases or parameters cannot be found. Thus it is difficult to adopt the market approach.

2. In respect of income approach

Beijing Pipeline is a pipeline transmission enterprise, with a stable business and proper operation, where future income can be predicted accurately and the risk exposure for obtaining the forecasted income can be reasonably predicted and quantified, all of which complies with the conditions for the application of income approach. For the purpose of this valuation and the asset position of the enterprise, income approach is adopted as one of the methods of valuation.

3. In respect of asset-based approach

Details of the various types of assets of Beijing Pipeline are clear, with available detailed historical information (including the construction information of fixed assets). Valuation of assets has taken into account of the technical requirement of the relevant assets. Since the technical requirements in relation to the assets remain unchanged, the valuation of the existing assets has taken reference of the historical value of the assets. For the purpose of this valuation and the asset position of the enterprise, asset-based approach is adopted as one of the methods of valuation.

(III) Introduction of the valuation under the asset-based approach

Valuation method for each type of assets and liabilities are set out below:

1. In respect of the valuation of the current assets

Cost method is adopted as the major method for the valuation of current assets.

(1) In the valuation of monetary capital, the valuer applied stocktaking to the cash on hand of the reporting entity on the valuation date, and applied trial balancing to the reconciliation statement of the balance of bank deposit. After verification, the verified carrying amount was taken as the valuation amount.

(2) For receivables (accounts receivable, prepaid expenses and other receivables), the valuer determined the valuation according to the recoverability, based on the analysis of economic content and aging, by checking the books and original vouchers.

(3) For the raw materials of inventory, the valuation is determined according to the purchase price and transportation and miscellaneous charges in the market on the valuation date. If there is little change between the purchase price and transportation and miscellaneous charges in the market on the valuation date and the carrying value, the valuation will be determined by the verified carrying amount.

2. For the valuation of long term equity investment

For the controlling subsidiaries, the entire shareholders' equity was obtained by carrying out overall valuation, which was multiplied by the shareholding held by the shareholder to arrive at the equity value to be assessed.

3. For the valuation of investment property

Due to the allocating nature of the land use rights of the property and that the property has been used for leasing to third parties with rental income and expenditure recorded in the book clearly while the market rent is readily available, thus income approach is adopted for valuation.

4. For the valuation of buildings

According to evaluated characteristics of each asset, replacement cost method and the market comparison method were used for the valuation of buildings as ones of the assets of the Company.

Replacement cost method

The full replacement cost of the building is obtained basing on the drawings, settlement accounts of work completion and the amount of works of the construction, and according to the standards and fixed fees for relevant construction that are implemented locally, and the local materials prices, labour wages, borrowing rate on the valuation date. The integrated residue ratio is then determined according to the useful life of the building and the on-site inspection of it, which is used in the calculation of the building's appraised value.

The formula is: Appraised value = Full replacement cost × Integrated residue ratio

(1) Determination of full replacement cost

Full replacement cost = Integrated construction and installation costs + Upfront costs and other expenses + Cost of capital

(i) Determination of integrated construction and installation costs

For important building (structure) of high value, the final accounts adjustments method is adopted in determining its integrated construction and installation cost, that is, basing on the final accounts of the buildings (structures) to be estimated or the amount of works of other construction, a construction and installation cost adjusted to the current fixed cost is calculated according to the current project budget prices, rates and local materials prices and labour wages. Then a comparison analysis is conducted between the subject and similar buildings and structures to find out the differences of the subject with a typical building and structure for the purpose of making required adjustment so as to calculate the integrated cost of the building and structure similar to a typical project. For simple building (structure) with low value, its integrated construction and installation cost is determined by unilateral cost method.

(ii) Upfront costs and other expenses

For the upfront costs and other expenses of building (structure), the rate of the reasonable upfront costs and other expenses is calculated basing on items including management fees, design fees, project supervision fees, etc. of the construction unit.

(iii) Cost of capital

Cost of capital: Based on the construction scale of the building commissioned for valuation, the reasonable construction term of the building is based on the construction term as described in the construction plan and the actual circumstance of the construction, including the technology used and the capability of the machinery at the site. The borrowing rate published by the People's Bank of China for a corresponding period is then selected to arrive at the cost of capital, assuming that the capital will be averagely allocated throughout the construction period. "½" is factored onto the formula to reflect the average allocation of the cost of capital throughout the construction period.

That is:

Cost of Capital = (Construction and Installation Cost of the Construction + Upfront costs and other expenses) × ½ × borrowing rate × reasonable construction term

(2) Determination of residue ratio

For typical building (structure) with high value, site visit is paid to assess the actual condition. The assessment is mainly based on the actual usage condition of the foundation, load-bearing structure (beams, plates, columns), wall, floor, surface, doors and windows, interior and exterior painting, ceiling, water and hygiene, electricity and lighting, etc. of the building (structure), to determine the remaining useful life, and to calculate and determine the residue ratio of the building. The formula is:

Integrated residue ratio = remaining useful life / (remaining useful life + useful life consumed) × 100%

The valuer do not visit every site and assess the actual condition of each building. Site visit is only paid to the high value building, the general building is valued based on the previously determined economic useful life. No assessment of the remaining useful life will be conducted. For general building, it is mainly based on the economic useful life of the building which will also be combined with the current status of the building, to determine the residue ratio of the building. The formula is:

Integrated residue ratio = (economic useful life – useful life consumed) / economic useful life × 100%

(3) Determination of valuation

Appraised value = Full replacement cost × integrated residue ratio

Market comparison method

Market approach is adopted in the valuation. Market comparison method is a valuation method whereby the appraised subject is compared to similar real estates which has transaction record close to the valuation point. Appropriate adjustments were made to the known price of such similar real estates which was used to estimate the objective and fair value of the appraised subject. The formula is:

Market price of the appraised subject = Price of comparable × adjustment for transaction condition × adjustment for transaction date × adjustment for regional factors × adjustment for particular factors

5. Valuation on machinery and equipment

Replacement cost method is adopted as the major method in the valuation of machinery and equipment. Market approach has been adopted for the valuation of old equipment where quotation is available in the secondary market.

Appraised value = Full replacement cost × integrated residue ratio

(1) Determination of the full replacement cost of equipment

(i) Natural gas pipeline

Full replacement cost = Construction and installation costs + Other expenses of the construction + Cost of capital

A. Construction and installation costs

Based on the final accounts information provided by the enterprise and in accordance with "Fixed Budgetary Estimation for Oil Construction and Installation Projects" (Zhong You Ji Zi [2000] No.106) and "Fixed Rates for Oil Construction and Installation Projects" (Zhong You Ji Zi [2005] No.519), the construction cost at the valuation date was determined using the estimated budget adjustment method.

B. Other expenses of the construction

The cost was determined according to the relevant state policy and relevant local rules, which mainly includes project management fees, survey and design fees, project supervision costs, feasibility study expenses and temporary land use comprehensive compensation.

C. Cost of capital

Cost of capital is calculated for the reasonable construction term of the whole pipeline project at the corresponding interest rate implemented on 30 September 2010 to obtain the reasonable cost of capital for natural gas pipeline.

The reasonable construction term of the whole pipeline project is based on the construction term as described in the project plan and the actual circumstance at the project site, including the technology used and the capability of the machinery. The interest rate refers to the borrowing rate published by the the People's Bank of China.

(ii) Machinery and equipment

A. Imported equipment

Full replacement cost = CIF price (tax included, translated into RMB at the valuation date) + tariff + agency fee of foreign trade + bank charges + inspection fees + transportation and miscellaneous charges + installation and testing fee + other expenses + cost of capital

Transportation and miscellaneous charges include the transportation charge and the loading charge. The other expenses include management fee, design fee and construction supervising fee, etc. The capital cost refers to the interest rate pursuant to the loan facilities granted.

The purchase price of alternative domestic equipment with the same function is adopted for imported equipment that can be replaced by domestic product. For imported equipment with no alternative domestic product, it is determined mainly by examining original purchase contract, inquiring quotation from the manufacturer (or agents) or taking reference from the recent import contract for similar equipment.

B. Domestic equipment

Full replacement cost = equipment purchasing price + transportation and miscellaneous charges + installation and testing charges + other charges + cost of capital

1) For domestic standard equipment, the full replacement cost is determined primarily based on the "2010 Manual of Quotations for Mechanical & Electrical Products", the latest market transaction prices of the equipment and the company's recent purchasing contracts for the same types of equipment. Moreover, transportation, installation and testing, cost of capital and other charges are also considered.

2) For industry specific equipment, the full replacement cost is calculated based on the materials of the equipment, the production technology requirements, structural and weight details and with reference to current market prices or the quotation or the comprehensive cost quoted for one tonne from similar manufacturers.

3) For projects such as electrical circuits and water supply and drainage pipes, the full replacement cost is calculated by valuers based on inspection and pipeline numbers provided by Beijing Pipeline together with blueprints from Beijing Pipeline, according to on-site observation as well as the specification, length, way of laying, workload, etc provided by the manufacturer, and pursuant to the fixed standards of where the equipment is located.

(iii) Vehicles

The vehicle purchase price is determined with reference to the latest market quotation and transaction price data from local vehicle transaction markets on the valuation date and after taking into consideration the vehicle purchase tax and licence fees, etc.

Calculation of the full replacement cost of transportation equipment:

Full replacement cost = vehicle purchase price + vehicle purchase tax + other charges such as licence fees

(2) Determination of residue ratio

(i) For natural gas pipeline assets, theoretical residue ratio adjustment method was used to determine integrated residue ratio. Theoretical residue ratio is first calculated and determined according to the useful life consumed and the useful economic life, and then the integrated residue ratio is determined by making appropriate adjustments to theoretical residue ratio. The adjustment factor is determined on the basis of the on-site examination and inspection of its usage conditions of the machinery, review of necessary records of equipment operation, maintenance condition, performance test of the machinery, etc and the analysis and discussion with operation and maintenance staff:

Theoretical residue ratio = (useful economic life – useful life consumed) / useful economic life × 100%

Integrated residue ratio = theoretical residue ratio + adjustment factor

(ii) For pressurisation equipment, separation equipment, skid equipment and general equipment inside the station, the integrated residue ratio was determined by expert using the useful life method after determining the remaining useful life through on-site examination, understanding its working environment and current technical conditions, referring to recent technical data, relevant maintenance record and operation record, etc and combining industry statistics. The formula is as follows:

Integrated residue ratio = remaining useful life / (remaining useful life + useful life consumed) × 100%

(iii) For general equipment such as office and electronic equipment, the residue ratio was mainly determined through on-site examination of the equipment's usage conditions and based on the useful economic life of various types of equipment.

(iv) For transportation vehicles, the residue ratio was calculated using the vehicle useful life method or mileage method, whichever result is lower, with adjustments based on on-site inspection.

Residue ratio calculated under mileage method = (predetermined mileage - used mileage) / predetermined mileage x 100%

(v) For old equipment that is functioning beyond the time limit, the residue ratio shall not be lower than 15%.

(3) Determination of appraised value

Appraised value = full replacement cost × integrated residue ratio

6. Valuation of construction in progress

For pipeline project and equipment installation project, the valuers carried out on-site inspection of each project, and conducted auditing on the degree of completion, the payment of project fees and the accuracy and reasonableness of the carrying amounts. The valuers calculated and determined the value basing on on-site inspection and the degree of completion of the construction in progress, in which the appraised value of projects with great value changes were determined by the replacement cost for the condition as at the valuation date under normal construction, whereas for projects commenced around the valuation date and there were little value changes, the appraised value was determined from the verified carrying amount. If cost of capital and upfront cost are included in the construction in progress, they will not be calculated additionally.

For the upfront cost of construction in progress, the valuers examined the related payment certificates, verified the validity of the fees and took the audited amount as the appraised value. For projects transferred to fixed assets, the appraised value of the upfront cost is zero.

7. Valuation of construction materials

For construction materials, the valuers carried out stocktaking of the construction materials reported for valuation, carried out on-site inspection of the conditions of the construction materials, verified the specifications and models, and collected and verified the relevant purchase contracts and purchase invoices. For construction materials purchased recently, the appraised value was determined basing on the purchase price, taking into consideration of the transportation and miscellaneous charges. For construction materials that have been purchased for a longer time, the appraised value was determined on the basis of quotations taking into consideration the conditions of the materials.

8. Valuation of intangible assets

(1) Land use rights

The Company's land lots appraised were for industrial use, and was primarily appraised using the cost method, the market comparison method and the basis land price coefficient correction method. The cost method is a valuation method which calculates the land value mainly according to the sum of land acquisition fee and various fees incurred in the land development as well as a certain level of profits, interests, taxes payable and capital gains of land. Market comparison method: It is a method to determine a reasonable value for the subject land lot based on a theory of substitution in the market by comparing it with sales of similar property

recently concluded in the market on the valuation date with appropriate modification to the traded prices. The basis land price coefficient correction method: The government assessed the value of the selected land lots of certain regions in the towns and cities and published the basis land prices and the basis land price correction coefficients. The selected land lots of certain regions are used as comparable. The local conditions and individual conditions of the land to be valued which is located in one of the regions with selected assessed land lots are compared with the average conditions of that region, and the basis land price is adjusted by applying a corresponding correction coefficient selected from the correction coefficient table for the purpose of calculating the land price of the land to be valued as at the valuation date. However, if the land to be valued is located outside the selected region, the land will be treated as land of lowest category i.e. lowest value.

(2) Valuation of other intangible assets

All other intangible assets in the scope of this valuation are software, and were appraised based on market prices.

9. Valuation of deferred income tax assets

Deferred income tax assets are the timing differences of income tax payable arising from the provision for inventory impairment by enterprises. Through examining the description of accounting policies and relevant evidences and confirming that all deferred income tax assets are due to timing difference, the appraised value is determined by the verified carrying amount.

10. Valuation of current liabilities and non-current liabilities

Enterprise liabilities include current liabilities and non-current liabilities. Current liabilities include short-term borrowing, accounts payable, prepayment received, other payables, staff remuneration payables, taxes payable, dividends payable and non-current liabilities due within 1 year, and non-current liabilities are long-term borrowings. The actual debtors and indebtedness of all liabilities after realising the valuation objectives were examined and verified according to the detailed list of items provided by Beijing Pipeline, and the appraised value will be determined based on the liabilities and amounts actually needed to be assumed by the title owner after realising the valuation objectives.

(IV) Introduction of the income approach

1. The theory of the income approach adopted

In the income present value method, the appraised value is arrived at by making a forecast on the expected income of the assets in the future, and then converting these incomes into present values with an appropriate discount rate.

Income approach is used in the valuation of operational assets, i.e. basing on the net cash flow of the enterprise in the coming years which is discounted at an appropriate discount rate, the sum of the value of the operational assets is calculated, to which the value of surplus assets, non-operational assets and long-term equity investments is added, and then deduct interest bearing debts to arrive at the value of the entire shareholders' equity.

2. Valuation model: Free cash flow of the enterprise has been adopted in this income approach valuation model. The formula is:

Enterprise value = Discounted value of the free cash flow of the enterprise + value of long-term equity investments + value of surplus assets + value of non-operational assets

The entire shareholders' equity = enterprise value – interest bearing debts

In which: the discounted value of the free cash flow of the enterprise is determined according to the following formula

Discounted value of the free cash flow of the enterprise = present value of cash flow during the explicit forecast period + (final value) present value of cash flow after the explicit forecast period

Interest bearing debts: Debts that require interest payment on the book on the valuation date, which includes short-term borrowings, interest-bearing notes payable, long-term borrowings, etc.

3. Determination of return period and forecast period

(1) Determination of forecast period

According to the current operating conditions, competition environment and market supply and demand conditions of the Company, it is expected that Beijing Pipeline would enter a stable stage in 2015. Hence October 2010 to 2015 was set as the forecast period of this valuation.

(2) Determination of return period

The current business of Beijing Pipeline is mainly natural gas transmission business and there is no definite time limit on its operation. Under normal maintenance, the production facilities could be kept running stably for a long period of time, therefore the return period is determined on a perpetual basis.

4. Determination of free cash flow

Free cash flow of the enterprise is adopted in this valuation, the formula for calculating free cash flow is as follows:

(Every year during the forecast period) Free cash flow = profit before interest and tax × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional amount of working capital

5. Determination of discount rate

In accordance with the principle that the amount of return should be kept consistent with the discount rate, the amount of income for this valuation is the free cash flow of the enterprise and the discount rate is determined by the Weighted Average Cost of Capital (WACC).

Formula: $WACC = K_e \times E / (D + E) + K_d \times D / (D + E) \times (1 – T)$

Where:

K_e is the cost of equity capital;

K_d is the cost of debt capital;

D is the total debt of the appraised entity;

E is the total equity of the appraised entity;

T is the interest rate of the debt;

D/E: Target debt to equity ratio of the appraised entity estimated according to the market value;

Of which: $K_e = R_f + \beta \times R_{Pm} + R_c$

R_f = Risk-free rate which is the average interest rate of the government bond due in 10 years from the valuation date;

β = Risk factor of the entity which is the risk rate analysed by 天相證券系統(Tianxiang Security System) for the listed companies on Shenzhen Stock Exchange engaged in similar business as that of the appraised entity;

R_{Pm} = Market risk premium which is based on the research conducted by us in relation to the general PRC market risk;

R_c = Specific risk adjustment coefficient of the entity which is based on the industry, the size and other specific risks of the appraised entity.

6. Determination of surplus asset value

Surplus assets mean excessive assets which are not directly related to corporate income and exceed what is necessary for corporate operations. Cost method is mainly used in this valuation.

7. Determination of non-operational assets value

Non-operational assets mean assets which are not directly related to corporate income and do not generate benefits. Cost method is mainly used in this valuation.

8. Determination of long-term equity investment value

For the appraised value of long-term equity investment, the value of the equity to be appraised is calculated by multiplying the appraised value of the entire shareholders' equity of the investee enterprise on the valuation date with the equity ratio held.

VIII. Implementation and procedure of valuation

(1) Acceptance of engagement

The appraisal institution after the acceptance of engagement, firstly conducted the following work:

1. Initially understood the economic act and details of the assets under valuation and identify the purpose, scope and subject of the valuation;

2. Arranged for the declaration forms of asset valuation and material lists based on the requirements of asset valuation criterion;

3. Formulated the asset valuation working plan and organised the valuers in accordance with the characteristics of assets during this entrusted valuation and the general requirement on time.

(2) Asset checking

On the basis of the enterprise declaring the assets according to the truth and the comprehensive self-check on the assets for valuation, the valuers conducted a comprehensive check on the assets within the valuation scope. The checking mainly included the asset quantity, usage condition, asset ownership and other factors affecting the valuation. The checking period was from 20 October to 10 November 2010.

The procedures for the checking of physical assets are as follows:

1. *Instructed the personnel of the company to perform assets checking and collect information which should be provided to us*

Instructed the finance personnel and assets management personnel of the company to register and report assets accurately and in detail on the "assets declaration forms" and "checklists of pipelines, buildings, equipment and technology" provided by us in accordance with their completion requirement and the information list. We also collected documents evidencing the title of the appraised assets and documents and information which reflect the performance, condition and economic and technical indicators.

2. *Initially examined and checked the asset declaration forms provided by the possessor of the assets*

The valuers understood the detailed status of the specific valuation objects within the valuation scope by looking over the relevant materials, and examined the various asset declaration forms, checked whether there is any blank filled incompletely or any asset items unclear. The valuers also checked whether there is any items missed in the declaration forms, etc. basing on their experience and the information available.

3. *On-site investigation*

The valuers conducted an on-site investigation of the assets according to the assets declaration forms.

4. *Supplement, revise and improve the assets declaration forms*

Basing on the on-site inspection, the valuers further perfected the assets declaration forms to match the declared information with the actual assets.

5. *Verification of title document*

An inspection was conducted to verify the title of the assets within the scope of valuation.

(3) Determining the estimations

Analyzed and summarised the collected information, calculated the evaluation results and submitted them to the company for review.

1. Analyzed, calculated and evaluated the assets and concluded the appraisal result.

2. Performed a three levels audit.

(4) Submission of report

The formal assets valuation report was submitted to the principal on 18 November 2010.

IX. Valuation assumption

(i) There being no material change to the existing national laws, regulations and policies and its macro-economic conditions and the political, economic and social landscape of the respective jurisdictions in which the parties to the transaction are situated and there being no material adverse impact arising from any other unpredictable and force majeure factors;

(ii) The parameters used in the valuation have taken no consideration of substantial changes in factors such as inflation, prevailing interest rate, exchange rate and taxation policy, unless otherwise known;

(iii) It is assumed that the operation of Beijing Pipeline will subsist in light of its assets as of the Valuation Date;

(iv) It is assumed that Beijing Pipeline will remain the same in its business scope, business model and business orientation on the basis of its existing management approach and standards;

(v) It is assumed that the present and future management of Beijing Pipeline will remain accountable and will be capable of carrying forward step-by-step the development plan of Beijing Pipeline;

(vi) It is assumed that Beijing Pipeline is in full compliance with all relevant laws and regulations unless otherwise stated;

(vii) The future earnings as projected by Beijing Pipeline are in line with its overall development strategy, industrial development trend and national policy towards the industry;

(viii) It is assumed that the accounting policies as adopted by Beijing Pipeline in future will basically be in line with those adopted when the Valuation Report is prepared;

(ix) Beijing Pipeline will maintain its existing income earning approach and credit policy in the future and will not be subject to major difficulty in recovering any payment;

(x) There exists no substantial contingent liabilities during the operating period of the enterprise as a consequence of any external guarantee or otherwise;

(xi) Any title evidence, financial statements, accounting vouchers, list of assets or other relevant information as provided by Beijing Pipeline in connection with the valuation is true, lawful, complete and credible. There exists no other defective or contingent or any other matter which may affect the valuation of any entity or subject under valuation and which is otherwise required to be provided or which remains unknown to the Valuer having performed the obligatory valuation procedures;

(xii) It is assumed that the unit price of pipeline transmission of natural gas remains stable in coming years;

(xiii) The supply of natural gas to Beijing Pipeline is stable and can ensure its need for transmission operation; and

(xiv) Capital expenditure mainly consists of future investments of Beijing Pipeline in building natural gas pipelines and storages and in renovating and upgrading the pipelines. It is assumed that future investment plans of Beijing Pipeline may be carried out without major adjustments going forward.

X. Appraisal conclusion

The valuer performed necessary procedures on valuation based on the relevant laws on asset valuation and rules and regulations of other relevant authorities, with independent, objective and fair principles. We adopted both the asset-based approach and income approach to access the market value of the entire shareholders' equity of Beijing Pipeline to reach the following conclusion:

(1) Valuation conclusion on asset-based approach

Considering the entity as a going concern, on the valuation date, 30 September 2010, the entity had total assets with carrying amount of RMB22,180,068,600, total liabilities with carrying amount of RMB10,576,072,300 and net assets with carrying amount of RMB11,603,996,300 (the carrying amounts are extracted from the audited financial statements prepared in accordance with the Accounting Standards for Business Enterprise of the PRC for the nine months ended 30 September 2010); and the appraised value of total assets is RMB25,527,384,800, total liabilities

RMB10,576,072,300 and net assets RMB14,951,312,500, representing an increase in value of the net assets by RMB3,347,316,200 or 28.85%. Summary of the detailed valuation is shown in the following table:

Summary table on results of assets valuation

Unit: RMB 0'000

Item		Carrying Value A	Appraised Value B	Change in Value C=B-A	Appreciation Rate (%) D=C/A*100%
Current assets	*1*	91321.93	92369.43	1047.50	1.15
Total non-current assets	*2*	2126684.93	2460369.05	333684.12	15.69
Available-for-sale financial assets	*3*	–	–	–	–
Held-to-maturity investments	*4*	–	–	–	–
Long-term receivables	*5*	–	–	–	–
Long-term equity investments	*6*	960.00	3523.21	2563.21	267.00
Investment properties	*7*	3589.95	9231.41	5641.46	157.15
Fixed assets	*8*	1443621.22	1781520.06	337898.84	23.41
Construction in progress	*9*	641095.36	626744.70	-14350.66	-2.24
Intangible assets	*10*	23124.59	24616.27	1491.68	6.45
Other assets	*11*	14293.82	14733.40	439.58	3.08
Total assets	*12*	**2218006.86**	**2552738.48**	**334731.62**	**15.09**
Current liabilities	*13*	387887.73	387887.73	0.00	0.00
Non-current liabilities	*14*	669719.50	669719.50	0.00	0.00
Total liabilities	*15*	**1057607.23**	**1057607.23**	**0.00**	**0.00**
Net assets	*16*	**1160399.63**	**1495131.25**	**334731.62**	**28.85**

(2) Valuation conclusion by income approach

Beijing Pipeline had total assets with carrying amount of RMB22,180,068,600, total liabilities with carrying amount of RMB10,576,072,300 and net assets with carrying amount of RMB11,603,996,300 (the carrying amounts are extracted from the audited financial statements prepared in accordance with the Accounting Standards for Business Enterprise of the PRC for the nine months ended 30 September 2010); and the appraised value of the entire shareholders' equity is RMB31,451,556,000, representing an increase in value of RMB19,847,559,700 or 171.04%.

(3) Confirmation of the final valuation conclusion

The valuation conclusion by the asset-based approach amounted to RMB14,951,312,500 and the valuation conclusion by the income approach amounted to RMB31,451,556,000, with the valuation conclusion by the income approach was RMB16,500,243,500 higher than the valuation conclusion by the asset-based approach. The difference in the valuation conclusion between the two valuation approaches is mainly due to: the difference in the perspective of consideration in the two valuation

approaches as the asset-based approach considers the way of re-acquisition of assets, which reflected the replacement value of the existing assets of the company, while the income approach considers the profitability of the company, which reflected the consolidated profitability of assets of the company.

The purpose of this valuation was to provide value consultation services for Kunlun Energy to understand the value of the entire shareholders' equity of Beijing Pipeline, which was a valuation of its overall value. The overall profitability of Beijing Pipeline could better reflect its value, in particular, the value of the overall profitability of the company was not simply the sum of the value of each individual asset owned by the company. The valuation by asset-based approach could not reflect the profitability of the company as the value of the equity interest under asset-based approach was simply the sum of the value of each individual asset owned by the company. The income approach considered the overall value of the company, it analyzed the future profitability and development potential of the company as a whole after considering factors such as staff, assets, organisational management and client resources of the company to determine the overall value of the company. It then discounts the future income brought by the assets of the company for its investors for calculating the value of the company.

The principal does not focus on the asset value currently owned by the company but the profitability and development potential of the company in the future. The valuation conclusion of the income approach met the needs of the principal and the valuers considered that the valuation conclusion of the income approach to be more reasonable. As a result, this valuation adopted the valuation conclusion of the income approach as the valuation conclusion of this valuation.

XI. Explanation of special issues

(1) The valuation is concluded basing on the foregoing principles, basis, premise, methods and procedures and the valuation conclusion is only effective with the foregoing principles, basis and premise.

(2) The valuation conclusion is shown by Beijing China Enterprise Appraisals Co., Ltd., which would be affected by the valuer's professional proficiency and capacity.

(3) This valuation has not considered the premium or price discount arising from shareholding or liquidity.

(4) All the materials relating to the valuation provided by the management team and other staff of the principal and the appraised entity are the basis for the preparation of the report; whereas the principal and the appraised entity shall be liable for the truthfulness and completeness of the materials provided.

(5) This valuation conclusion just reflects the market value for the valuation purpose, without considering the impact on the appraisal value due to any possible pledge and guarantee to be undertaken in the future and any additional price that a

special counterparty may pay, nor taking into account the impact on asset price due to change of national macroeconomic policies, or the occurrence of natural disaster and other force majeure. In case of any foregoing conditions and the ongoing concern principle adopted in the valuation changes, the valuation conclusion shall generally become invalid.

(6) We and the valuer are not accountable for the existence of any defective items which may affect the assets appraisal value and for which the enterprise did not make special notes and the valuer is not aware of it despite of performing the valuation procedure.

(7) We has conducted independent inspection on materials such as business license, title document and accounting vouchers provided by the appraised entity but shall not bear the responsibilities for the authenticity of the above materials.

(8) On-site inspection was conducted on the concealed work of natural gas pipelines mainly through verification of the drawings, settlement of works, reviews of the inspection and maintenance records and understanding of the usage and the valuer believed that the accuracy of the valuation conclusion was not affected.

(9) Part of the land of the appraised unit has incurred related acquisition costs but not yet obtained the state-owned land use rights certificates. Among the parcels of land with certificates, five of them were land granted and others were allocated. Certain land use rights certificates are in the company's previous names: Beijing Natural Gas Gathering and Transmission Company or Beijing Hauyou Natural Gas Company Limited; and the names in certain land use rights certificates were not consistent with that of the company. We have taken into consideration of anticipated expenses for converting the land use rights and the change of name on the certificates. This reduces the overall value of the entity.

(10) Certain buildings of the appraised entity have not obtained the building ownership certificate and certain building ownership certificates obtained are in the company's previous names: Beijing Natural Gas Gathering and Transmission Company or Beijing Hauyou Natural Gas Company Limited. We have taken into consideration of the anticipated expenses for obtaining the building ownership certificate and the change of name on the certificates. This reduces the overall value of the entity.

(11) Owner of the vehicle license of the two Forester 1994CC SUVs was the vehicle squadron of the Xinzhou branch of the Shanxi armed police.

(12) There was no charge and other restriction for Beijing Pipeline.

(13) The People's Bank of China raised the Renminbi lending rate on 20 October 2010. The asset-based approach did not take into consideration its impact on the appraised value while the valuation conclusion of the income approach did.

(14) This conclusion of the appraisal shall not be used directly when the conclusion is influenced by any change in the quantity of assets and consideration basis. Adjustment or reappraisal of the appraisal conclusion will be required in such case.

Users of the valuation report should pay attention to the influence of the above-mentioned special issues on the conclusions.

XII. Explanation of limitation on the use of valuation report

(1) The valuation conclusion only serves as a value reference basis for the valuation purpose of the principal. Separate valuation based on designated valuation purpose is required for other purpose.

(2) All or any part of contents of this valuation report to be extracted, cited, or disclosed at public media are subject to our review of the relevant contents, except for those required by laws, regulations or otherwise agreed by the involved parties.

(3) This valuation has been conducted with the premise of satisfying all the assumptions and the limitation on use and these assumption and limitation are put forward by the valuer based on the valuation purpose, actual conditions of the appraised company and actual local conditions, and are objective and rational.

(4) This report is a valuation and consultation report solely for the purpose of providing consultation service for the principal to understand the market value of the appraised subject, and has no legal effect. The report is valid for one year from the valuation date.

(5) This valuation report is only valid when its full content is used wholly. We are not responsible for any losses caused by the usage of its partial contents.

XIII. Date of the valuation report

The submission date of the valuation report to the principal is: 18 November 2010.

XIV. Signature and seal

Users of the valuation report should pay particular attention to the assumptions, limitations and special issues set out in the valuation report.

Beijing China Enterprise Appraisals Co., Ltd.
18 November 2010

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 December 2010 of the properties held or leased or to be acquired by the Enlarged Group located in the People's Republic of China, Hong Kong, the USA, Peru, Thailand and Indonesia.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

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香港灣仔港灣道6-8號瑞安中心3111-18室
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
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19 February 2011

The Directors
Kunlun Energy Company Limited
Rooms 3907-3910, 39th Floor
No. 118 Connaught Road West
Sheung Wan, Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to your instructions for us to value the properties held/leased/to be acquired by Kunlun Energy Company Limited (the "Company") and/or its subsidiaries (together referred to as the "Group") located in the People's Republic of China (the "PRC"), Hong Kong, the United States of America (the "USA"), the Republic of Peru ("Peru"), Thailand and Indonesia and the properties held/leased by PetroChina Beijing Gas Pipeline Co., Ltd (the "Target Company") and/or its subsidiaries (hereinafter referred to as the "Target Group") located in the PRC. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 December 2010 (the "date of valuation").

BASIS OF VALUATION

Our valuations of the concerned properties have been based on the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

PROPERTY CATEGORISATIONS

In the course of our valuations, the portfolio of the properties are categorised into the following groups:–

Group I	–	Properties held by the Target Group for owner-occupation in the PRC
Group II	–	Properties leased by the Target Group in the PRC
Group III	–	Properties held by the Group for owner-occupation in the PRC
Group IV	–	Properties held by the Group under development in the PRC
Group V	–	Properties held by the Group for investment in the PRC
Group VI	–	Properties to be acquired by the Group in the PRC
Group VII	–	Properties held by the Group for owner-occupation in overseas countries
Group VIII	–	Properties leased by the Group in the PRC
Group IX	–	Property leased by the Group in Hong Kong
Group X	–	Properties leased by the Group in overseas countries

VALUATION METHODOLOGIES

We have valued a portion of the properties in Groups I, III and VII on market basis by the Comparison Approach assuming sale in their existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the open market. Appropriate adjustments have been made to account for the differences between the properties and the comparables in terms of time, floor level, size and other relevant factors.

In valuing the remaining portion of the properties in Groups I, III and VII, we have adopted the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as "the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement". This basis has been used due to the lack of an established market upon which to base comparable transactions, which generally furnishes the most reliable indication of values for assets without a known used market. This opinion of value does not necessarily represent the amount that might be realised from the disposition of the subject asset in the market and is subject to adequate profitability of the business compared to the value of the total assets employed.

For the properties in Group IV, we have assumed that the properties will be developed and completed in accordance with the latest development proposal provided to us. We have adopted the Comparison Approach by making reference to the comparables sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees expected to be incurred for completing the development.

For the properties in Group V, we have adopted the Investment Approach by taking into account the current passing rents of the properties being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

We have attributed no commercial value to the properties in Groups II, VI, VIII, IX and X, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents or the title of the properties are not vested in the Group.

TITLE INVESTIGATION

We have been provided with copies of legal documents/tenancy information and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the advice and information given by the Group's PRC legal advisor, the Group's Peru legal advisor, the Group's Thailand legal advisor and the Group's Indonesia legal advisor regarding the title of the properties located in the PRC, Peru, Thailand and Indonesia. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the properties are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuations.

VALUATION CONSIDERATIONS

We have inspected the properties externally and where possible, the interior of the properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, completion dates of the buildings, identification of the properties and other relevant information.

Except otherwise stated, dimensions, measurements and site/floor areas included in the valuation certificates are based on information contained in the leases and other documents provided to us and are therefore only approximations.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

We hereby certify that we neither have any present nor any prospective interest in the Group or the Target Group or the appraised properties or the values reported.

Unless otherwise stated, all monetary amounts stated herein are in Renminbi (RMB). Where necessary, the exchange rate adopted in our valuations is approximately RMB1 = US$0.151, being the prevailing exchange rate as at the date of valuation.

Our summary of values and the valuation certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Man C.M. Lam
BCom, MHKIS, RPS(GP), AAPI, CPV
Associate Director

Dr. Tony C.H. Cheng
BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ),
MHKIS, MCIArb, AFA, SIFM, FCIM,
MASCE, MIET, MIEEE, MASME, MIIE
Managing Director

Notes:

Dr. Tony C. H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and the People's Republic of China and over 5 years' experience in valuations of properties in the USA, Peru, Thailand and Indonesia.

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuations of properties in Hong Kong and over 12 years' experience in valuations of properties in the PRC.

Mr. Man C.M. Lam is a member of The Hong Kong Institute of Surveyors (General Practice) and an associate member of Australian Property Institute who has over 6 years' experience in valuations of properties in Hong Kong.

SUMMARY OF VALUES

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
Group I – Properties held by the Target Group for owner-occupation in the PRC			
1.	A Distribution Station located at Beicao Village, Jiazhuang Township, Shuocheng District, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市朔城區賈莊鄉北曹村之一個分輸站	No Commercial Value
2.	A Valve Station located at Daheizhuang Village, Yijing Town, Shenchi County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市神池縣義井鎮大黑莊村之一個閥室	No Commercial Value
3.	A Valve Station located at Qiandian Village, Gaojiacun Township, Xing County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市興縣高家村鄉前店村之一個閥室	No Commercial Value
4.	A Valve Station located at Dongguan Village, Chengguan Town, Xing County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市興縣城關鎮東關村之一個閥室	No Commercial Value
5.	A Valve Station located at Qujiagou Village, Aojiawan Township, Xing County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市興縣奧家灣鄉曲家溝村之一個閥室	No Commercial Value
6.	A Valve Station located at Jingwa Village, Jiehekou Township, Lan County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市嵐縣界河口鄉井窪村之一個閥室	No Commercial Value
7.	A Valve Station located at Liyuan Village, Dashetou Township, Lan County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市嵐縣大蛇頭鄉梨園村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
8.	A Valve Station located at Wangduanzhuang Village, Echeng Town, Jingle County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市靜樂縣鵝城鎮王端莊村之一個閥室	No Commercial Value
9.	A Valve Station located at Niangzishen Village, Niangzishen Township, Jingle County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市靜樂縣娘子神鄉娘子神村之一個閥室	No Commercial Value
10.	A Valve Station located at Xinkailing Village, Kangjiahui Township, Jingle County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市靜樂縣康家會鄉新開嶺村之一個閥室	No Commercial Value
11.	A Valve Station located at Yukou Village, Sanjiao Town, Xinfu District, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市忻府區三交鎮峪口村之一個閥室	No Commercial Value
12.	A Valve Station located at Fengcun Village, Zhuangmo Town, Xinfu District, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市忻府區莊磨鎮馮村之一個閥室	No Commercial Value
13.	A Valve Station located at Donglingjing Village, Donglingjing Township, Yangqu County, Taiyuan City, Shanxi Province, The PRC	位於中國山西省太原市陽曲縣東淩井鄉東淩井村之一個閥室	No Commercial Value
14.	A Valve Station located at Lujiayukou Village, Nanlou Township, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市盂縣南樓鄉路家峪口村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
15.	A Valve Station located at Jiaokou Village, Xianren Township, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市孟縣仙人鄉交口村之一個閥室	No Commercial Value
16.	A Valve Station located at Xinzhuang Village, Dongliang Township, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市孟縣東梁鄉辛莊村之一個閥室	No Commercial Value
17.	A Valve Station located at Haojiazhai Village, Dongfangcheng Township, Hunyuan County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市渾源縣東坊城鄉郝家寨村之一個閥室	No Commercial Value
18.	A Valve Station located at Changchailing Village, Dongfangcheng Township, Hunyuan County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市渾源縣東坊城鄉常柴嶺村之一個閥室	No Commercial Value
19.	A Valve Station located at Shuangzhai Village, Heigeta Township, Shanyin County, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市山陰縣黑圪塔鄉雙寨村之一個閥室	No Commercial Value
20.	A Valve Station located at Juyangtuo Village, Luoshuihe Township, Lingqiu County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市靈丘縣落水河鄉巨羊駝村之一個閥室	No Commercial Value
21.	A Gas Distribution Station located at Qianzhuang Village, Lancheng Town, Lan County, Lvliang County, Shanxi Province, The PRC	位於中國山西省呂梁市嵐縣嵐城鎮前莊村之一個天然氣分輸站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
22.	A Gas Distribution Station located at Gaojiazhuang Village, Wuling Town, Lingqiu County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市靈丘縣武靈鎮高家莊村之一個天然氣分輸站	No Commercial Value
23.	A Valve Station located at Liujiapan Village, Yimen Town, Baode County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市保德縣義門鎮劉家畔村之一個閥室	No Commercial Value
24.	A Valve Station located at Luozhuang Village, Dalinhe Township, Ying County, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市應縣大臨河鄉羅莊村之一個閥室	No Commercial Value
25.	A Valve Station located at Zhangzigou Village, Hanjialou Township, Wuzhai County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市五寨縣韓家樓鄉丈子溝村之一個閥室	No Commercial Value
26.	A Valve Station located at Yangjiawa Village, The Eighth Pu Township, Lin County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市臨縣第八堡鄉楊家窪村之一個閥室	No Commercial Value
27.	A Valve Station located at Liujiata Village, Leijiaqi Township, Lin County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市臨縣雷家磧鄉劉家塘村之一個閥室	No Commercial Value
28.	A Valve Station located at Wujiaping Village, Lin County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市臨縣武家坪村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
29.	A Valve Station located at Dongnan Village, Donghui Township, Xing County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市興縣東會鄉東南村之一個閥室	No Commercial Value
30.	A Valve Station located at Wangshi Village, Wangshi Township, Lan County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市嵐縣王獅鄉王獅村之一個閥室	No Commercial Value
31.	A Valve Station located at Xi Village, Dongcun Town, Lan County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市嵐縣東村鎮西村之一個閥室	No Commercial Value
32.	A Valve Station located at Shenyugou Village, Shenyugou Township, Jingle County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市靜樂縣神峪溝鄉神峪溝村之一個閥室	No Commercial Value
33.	A Valve Station located at Donghanhu Village, Lingjingdian Township, Yangqu County, Taiyuan City, Shanxi Province, The PRC	位於中國山西省太原市陽曲縣淩井店鄉東漢湖村之一個閥室	No Commercial Value
34.	A Valve Station located at Guantou Village, Nanlou Town, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市盂縣南婁鎮管頭村之一個閥室	No Commercial Value
35.	A Valve Station located at Youdaogou Village, Xianren Township, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市盂縣仙人鄉又道溝村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
36.	A Valve Station located at Mengbei Village, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市孟縣孟北村之一個閥室	No Commercial Value
37.	A Compressor Station located at the south of Baiwen Town, Lin County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市臨縣白文鎮南之一個壓氣站	No Commercial Value
38.	A Valve Station located at Nantianwa Village, Shaquan Township, Hequ County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市河曲縣沙泉鄉南天洼村之一個閥室	No Commercial Value
39.	An office complex located at the western side of Dayun Road, Shifu West Street, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市市府西街大運路西側之一個辦公區	No Commercial Value
40.	A Repairing Center located at Shi Fu West Road, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市市府西街之一個維修中心	900,000
41.	A Valve Station located at Xihui Village, Wangzhuangpu Town, Hunyuan County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市渾源縣王莊堡鎮西會村之一個閥室	No Commercial Value
42.	A Pigging Station located at Wenling Village, Longquan Town, Shenchi County, Xinzhou City, Shanxi Province, The PRC	位於中國山西省忻州市神池縣龍泉鎮溫嶺村之一個清管站	500,000
43.	A Compressor Station located at Zhangjiageguo Village, Caijiaya Township, Xing County, Lvliang City, Shanxi Province, The PRC	位於中國山西省呂梁市興縣蔡家崖鄉張家圪堝村之一個壓氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
44.	A Compressor Station located at the northern side of Mapotou Village, Yangqu County, Taiyuan City, Shanxi Province, The PRC	位於中國山西省太原市陽曲縣馬坡頭北之一個壓氣站	No Commercial Value
45.	A Pigging & Compressor Station located at Beicaoshan Village, Nanhezhong Town, Ying County, Shuozhou City, Shanxi Province, The PRC	位於中國山西省朔州市應縣河種鎮北曹山村之一個清管壓氣站	No Commercial Value
46.	A Distribution Station located at Xichengwu Village, Xiushui Town, Yu County, Yangquan City, Shanxi Province, The PRC	位於中國山西省陽泉市盂縣秀水鎮西城武村之一個分輸站	No Commercial Value
47.	A Valve Station located at Juyangtuo Village, Luoshuihe Township, Lingqiu County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市靈丘縣落水河鄉巨羊駝村之一個閥室	No Commercial Value
48.	A Valve Station located at Zhongzhuang Village, Qianfoling Town, Hunyuan County, Datong City, Shanxi Province, The PRC	位於中國山西省大同市渾源縣千佛嶺鎮中莊鋪村之一個閥室	No Commercial Value
49.	A Valve Station located at Zhangjiata Village, Taihezhai Township, Shenmu County, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市神木縣太和寨鄉張家塔村之一個閥室	No Commercial Value
50.	An office building located at Malianghuang Town, Yuyang District, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市榆陽區麻梁黃鎮之一幢辦公樓	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
51.	A CNG Distribution Station located at Hujiahuochang Village, Jingbian County, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市靖邊縣胡傢伙場村之一個壓縮天然氣分輸站	No Commercial Value
52.	An office building located at Hongshiqiao Township, Yuyang District, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市榆陽區紅石橋鄉之一幢辦公樓	No Commercial Value
53.	An office complex located at No. 9 Shangjun South Road, Yuyang District, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市榆陽區上郡南路9號之一個辦公區	No Commercial Value
54.	A Valve Station located at Yongzhong Village, Jinjie Town, Hengshan County, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市橫山縣錦界鎮永忠村之一個閥室	No Commercial Value
55.	A Valve Station located at Qiaocha Village, Qiaochatan Township, Shenmu County, Yulin City, Shaanxi Province, The PRC	位於中國陝西省榆林市神木縣喬岔灘鄉喬岔村之一個閥室	No Commercial Value
56.	A Valve Station located at Huangtumiao Village, Jinjie Town, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市神木縣錦界鎮黃土廟村之一個閥室	No Commercial Value
57.	A Valve Station located at Dabaliang Village, Dabaodang Town, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市神木縣大保當鎮打壩梁村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
58.	A Valve Station located at Huangjialiang Village, Xinmin Town, Fugu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市府穀縣新民鎮黃家梁村之一個閥室	No Commercial Value
59.	A Valve Station located at Lijiawa Village, Gushan Town, Fugu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市府穀縣孤山鎮李家窪村之一個閥室	No Commercial Value
60.	A Valve Station located at Naoniuhaize Village, Hongshiqiao Township, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市紅石橋鄉鬧牛海則村之一個閥室	No Commercial Value
61.	A Valve Station located at Fangliang Village, Chengguan Town, Hengshan County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市橫山縣城關鎮房梁村之一個閥室	No Commercial Value
62.	A land parcel and 3 buildings located at Zhaoshiyao Village, Fugu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市府穀縣趙石堯村之一塊土地及三棟建築物	No Commercial Value
63.	A Valve Station located at Erdejing Village, Hongdunjie Township, Jingbian County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市靖邊縣紅墩界鄉爾德井村之一個閥室	No Commercial Value
64.	A Valve Station located at Shuiqingwan Village, Wudinghe Town, Uxin Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區鄂爾多斯市烏審旗無定河鎮水清灣村之一個閥室	No Commercial Value
65.	A Valve Station located at Qiaojiamao Village, Balasu Town, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市榆陽區巴拉素鎮喬家峁村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
66.	A Valve Station located at Dajieze Village, Huanggaojie Township, Jingbian County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 靖邊縣 黃蒿界鄉 大界則村之 一個閥室	No Commercial Value
67.	A Valve Station located at Xieta Village, Shamao Town, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 神木縣 沙峁鎮 斜塔村之 一個閥室	No Commercial Value
68.	A land parcel and 3 buildings located at Mengjiagou Village, Shenmu Town, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 神木縣 神木鎮 孟家溝村之 一塊土地及三棟建築物	No Commercial Value
69.	A Repairing Center located at Mengjiagou Village, Shenmu Town, Shenmu County, Yulin City, Shaanxi Province, The PRC	位於中國陝西省 榆林市 神木縣 神木鎮 孟家溝村之 一個搶修中心	No Commercial Value
70.	A Valve Station located at Daqinghao Village, Xigou Office, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 神木縣 西溝辦事處 大清豪村之 一個閥室	No Commercial Value
71.	A Valve Station located at Dianfanggou Village, Yongxing Office, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 神木縣 永興辦事處 店房溝村之 一個閥室	No Commercial Value
72.	A Valve Station located at Shanghe Village, Jinjitan Town, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 榆陽區 金雞灘鎮 上河村之 一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
73.	A Valve Station located at Shuangshan Village, Mahuangliang Town, Yulin District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市榆林區麻黃梁鎮雙山村之一個閥室	No Commercial Value
74.	A Valve Station located at Chengdagedu Village, Niujialiang Town, Yulin District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市榆林區牛家梁鎮城大圪堵村之一個閥室	No Commercial Value
75.	A parcel of land located at Cheng District, Shenmu County, Shaanxi Province, the PRC	位於中國陝西省神木縣城區之一塊土地	No Commercial Value
76.	2 parcels of land, 10 buildings and various structures located at Shimiaoyan Village, Gaoshanya Township, Fugu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市府谷縣高山崖鄉石廟鄢村之兩塊土地，十棟建築物及多項構築物	No Commercial Value
77.	A Compressor Station located at Majiamao Village, Qinhe Township, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市榆陽區芹河鄉馬家峁村之一個壓氣站	No Commercial Value
78.	A Valve Station located at Dujiawan Village, Qingyun Township, Yulin District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市榆林區青雲鄉杜家灣村之一個閥室	No Commercial Value
79.	A Valve Station located at Xiangjia Tower, Qiaochatan Township, Shenmu County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市神木縣喬岔灘鄉項家塔之一個閥室	No Commercial Value
80.	A Valve Station located at Yaowan Village, Wangjiabian Town, Jia County, Yulin City, Shaanxi Province, the PRC	位於中國陝西省榆林市佳縣王家砭鎮窑灣村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
81.	A Valve Station located at Liuqianhe Village, Liuqianhe Township, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 榆陽區 劉千河鄉 劉千河村之 一個閥室	No Commercial Value
82.	A Valve Station located at Leijiagua Village, Wangjiabian Town, Jia County, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 榆陽區 佳縣 王家砭鎮 雷家窪村之 一個閥室	No Commercial Value
83.	A Valve Station located at Shawan Village, Zhujiagua Township, Jia County, Yuyang District, Yulin City, Shaanxi Province, the PRC	位於中國陝西省 榆林市 佳縣 朱家坬鄉 沙灣村之 一個閥室	No Commercial Value
84.	A Well Site located at the north of Gangxing Street, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 港興街北之 一個井場	No Commercial Value
85.	A Well Site located at Jinyuan Road, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 金源路之 一個井場	No Commercial Value
86.	A Well Site located at the south of Gangxing Street, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 港興街南之 一個井場	No Commercial Value
87.	A parcel of land and 3 buildings located at Dagang District, Tianjin, The PRC	位於中國 天津市 大港區之 一塊土地及三棟建築物	No Commercial Value
88.	A Gas Distribution Station located at Ocean Petrochemical Technology Park Zone, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 海洋石化科技園區之 一個分輸站	No Commercial Value
89.	A parcel of land and 7 buildings located at Ocean Petrochemical Technology Park Zone, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 海洋石化科技園區之 一塊土地及七棟建築物	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
90.	A parcel of land and 2 buildings located at Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 之一塊土地及兩棟建築物	No Commercial Value
91.	A parcel of land and 3 buildings located at Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 之一塊土地及三棟建築物	No Commercial Value
92.	A parcel of land, 7 buildings and various structures located at the southern side of No. 16 station Dagang Oilfield, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 大港油田 16站以南 之一塊土地，七棟建築物及 多項構築物	No Commercial Value
93.	A parcel of land, a building and various structures located at Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 之一塊土地，一棟建築物及多 項構築物	No Commercial Value
94.	A Well Site located at the southern side of Dadiduliujian River, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 大堤獨流減河以南之 一個井場	No Commercial Value
95.	A parcel of land, 14 buildings and various structures located at the southern side of Datiduliujian River, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 大堤獨流減河以南之 一塊土地，十四棟建築物及 多項構築物	No Commercial Value
96.	2 parcels of land and certain buildings located at the eastern side of Kaixuan Street, Dagang District, Tianjin, The PRC	位於中國 天津市 大港區 凱旋街東之 之兩塊土地及數棟建築物	No Commercial Value
97.	A Valve Station located at the eastern side of Caiwan Road, Caiyu Town, Daxing District, Beijing, The PRC	位於中國北京市 大興區 采育鎮 採萬路東之 一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
98.	A Valve Station located at Su Village, Doudian Town, Fangshan District, Beijing, The PRC	位於中國北京市房山區窦店鎮蘇村之一個閥室	No Commercial Value
99.	A Valve Station located at Langxi Village, Xiji Town, Tongzhou District, Beijing, The PRC	位於中國北京通州區西集鎮廊西村之一個閥室	No Commercial Value
100.	A hotel located at No. 8 Beichen Road, Chaoyang District, Beijing, The PRC	位於中國北京市朝陽區北辰東路8號之一幢酒店	132,800,000
101.	An office building located at No. 118 Huizhonglijia, Chaoyang District, Beijing, The PRC	位於中國北京市朝陽區慧忠里甲118號之一幢辦公大樓	No Commercial Value
102.	A Gas Filling Station located at No. 30 Yamenkou Village, Shijingshan District, Beijing, The PRC	位於中國北京市石景山區衙門口村臨30號之一個加氣站	No Commercial Value
103.	A Gas Distribution Station located at Development Zone, Caiyu Town, Daxing District, Beijing, The PRC	位於中國北京市大興區采育鎮開發區之一個天然氣分輸站	No Commercial Value
104.	A Valve Station located at Chaomidian Village, Yancun Town, Fangshan District, Beijing, The PRC	位於中國北京房山區閻村鎮炒米店村之一個閥室	No Commercial Value
105.	An office building located at No. 9 Da Tun Road, Chaoyang District, Beijing, The PRC	位於中國北京市朝陽區大屯路9號之一幢辦公大樓	278,400,000
106.	Units 1306, 1307, 1406, 1407, 1506, 1507, 1606, 1607, 1706 and 1707, Building No. 101, Huizhongli, Chaoyang District, Beijing, The PRC	中國北京市朝陽區慧忠里101號樓1306, 1307, 1406, 1407, 1506, 1507, 1606, 1607, 1706 及1707室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
107.	A residential unit of Building No. 204 located at No. 204 Huizhongli, Chaoyang District, Beijing, The PRC	位於中國北京市朝陽區慧忠里204號樓之一個住宅單位	12,300,000
108.	A land parcel and 3 buildings located at the western side of Guohuai Street, Liangxiang Town, Fangshan District, Beijing, The PRC	位於中國北京市房山區良鄉鎮國槐街西側之一塊土地及三棟建築物	600,000
109.	A Valve Station located at Liuminying Village, Zhangziying Town, Tongzhou District, Beijing, The PRC	位於中國北京市通州區長子營鎮留民營村一個閥室	No Commercial Value
110.	A Gas Distribution Station located at the western side of Jiyang Village, Shilou Town, Fangshan District, Beijing, The PRC	位於中國北京市房山區石樓鎮吉羊村西之一個天然氣分輸站	No Commercial Value
111.	A Valve Station located at Lvcun Village, Liulihe Town, Fangshan District, Beijing, The PRC	位於中國北京房山區琉璃河鎮呂村之一個閥室	No Commercial Value
112.	A Valve Station located at Jiuzhou 3rd Village, Jiuzhou Town, Guangyang District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市廣陽區舊州鎮舊州三村之一個閥室	No Commercial Value
113.	A CNG Gate Station located at Yamenkou Village, Shijingshan District, Beijing, The PRC	位於中國北京市石景山區衙門口村之一個壓縮天然氣門站	No Commercial Value
114.	Units 401 and 402, Building No. 1, Qixingyuan, Lugu South Road, Shijingshan District, Beijing, The PRC	中國北京市石景山區魯谷南路七星園1號樓401及402室	2,800,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
115.	A Gas Distribution Station located at the eastern side of Dongbao Village, Lucheng Road, Lucheng Town, Tongzhou District, Beijing, The PRC	位於中國北京市通州區潞城鎮潞城中路東堡村東之一個天然氣分輸站	No Commercial Value
116.	A Gas Distribution Station located at Ciqu Second Village, Ciqu Town, Tongzhou District, Beijing, The PRC	位於中國北京市通州區次渠鎮次渠二村之一個天然氣分輸站	No Commercial Value
117.	A Valve Station located at Huangxinzhuang Village, Liangxiang Town, Fangshan District, Beijing, The PRC	位於中國北京市房山區良鄉鎮黃辛莊村之一個閥室	No Commercial Value
118.	A Valve Station located at Jiaojianao Village, Xinzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省石家莊市井陘縣辛莊鄉焦家塄村之一個閥室	No Commercial Value
119.	A Valve Station located at Beijia Village, Zhengding Town, Zhengding County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省石家莊市正定縣正定鎮北賈村之一個閥室	No Commercial Value
120.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣辛務村之一個井場	No Commercial Value
121.	A Valve Station located at Huren Village, Xinzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省石家莊市井陘縣辛莊鄉胡仁村之一個閥室	No Commercial Value
122.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣辛務村之一個井場	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
123.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣辛務村之一個井場	No Commercial Value
124.	A Well Site located at Winwu Village, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣辛務村之一個井場	No Commercial Value
125.	A Gas Distribution Station located at the northern side of Cuilingxi Village, Anping County, Hebei Province, The PRC	位於中國河北省安平縣崔岭西北之一個天然氣分輸站	No Commercial Value
126.	A Valve Station & Gas Distribution Station located at Kangxianzhuang Village, Kangxianzhuang Township, Bazhou City, Hebei Province, The PRC	位於中國河北省霸州市康仙莊鄉康仙莊村之一個閥室和天然氣分輸站	No Commercial Value
127.	A Valve Station located at Kulongfeng Village, Xiaozuo Town, Jingxing County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省石家莊市井陘縣小作鎮庫隆峰村之一個閥室	No Commercial Value
128.	A Valve Station located at Sunzhuang Village, Sunzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省石家莊市井陘縣孫莊鄉孫莊村之一個閥室	No Commercial Value
129.	A Valve Station located at Beiyang Village, Liucun Township, Shenze County, Hebei Province, The PRC	位於中國河北省深澤縣留村鄉北羊村之一個閥室	No Commercial Value
130.	A Valve Station located at Biandukou Village, Xiyan Town, Gaoyang County, Hebei Province, The PRC	位於中國河北省高陽縣西演鎮邊渡口村之一個閥室	No Commercial Value
131.	A Valve Station located at Hongshanpu Village, Li County, Hebei Province, The PRC	位於中國河北省蠡縣洪善堡村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
132.	A Gas Storage Station located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣辛務村之儲氣庫	No Commercial Value
133.	2 buildings located at No. 109 Guangming West Road, Anci District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市安次區光明西道109號之兩幢大樓	23,000,000
134.	A Gas Distribution Station located at Beihuzhuang Village, Licun Town, Luquan City, Hebei Province, The PRC	位於中國河北省鹿泉市李村鎮北胡莊村之一個天然氣分輸站	No Commercial Value
135.	A Valve Station located at Nanfanzhuang Village, Liujie Township, Yongqing County, Hebei Province, The PRC	位於中國河北省永清縣劉街鄉南笵莊村之一個閥室	No Commercial Value
136.	A Valve Station located at Nanloudi Village, Nanloudi Township, Anguo City, Hebei Province, The PRC	位於中國河北省安國市南婁底鄉南婁底村之一個閥室	No Commercial Value
137.	A Valve Station located at Zhengnanzhuang Village, Baoxu Township, Li County, Hebei Province, The PRC	位於中國河北省蠡縣鮑墟鄉正南莊村之一個閥室	No Commercial Value
138.	A Valve Station located at Niushan Village, Yian Town, Luquan City, Hebei Province, The PRC	位於中國河北省鹿泉市宜安鎮牛山村之一個閥室	No Commercial Value
139.	A Distribution Valve Station located at Daxinzhuang Village, Chuan Town, Renqiu City, Hebei Province, The PRC	位於中國河北省任丘市出岸鎮大辛莊村之一個分輸閥室站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
140.	A Compressor Station located at Xiyao Village, Zengcun Town, Gaocheng City, Hebei Province, The PRC	位於中國河北省 藁城市 增村鎮 西姚村之 一個壓氣站	No Commercial Value
141.	A Valve Station located at Wuxing Village, Xinan Town, Zhengding County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省 石家莊市 正定縣 新安鎮 吳興村之 一個閥室	No Commercial Value
142.	A Valve Station located at Xibafang Village, Yucun Township, Renqiu City, Hebei Province, The PRC	位於中國河北省 任丘市 于村鄉 西八方村之 一個閥室	No Commercial Value
143.	A Valve Station located at Xuegeda Village, Gaotou Township, Wenan County, Hebei Province, The PRC	位於中國河北省 文安縣 高頭鄉 薛疙瘩村之 一個閥室	No Commercial Value
144.	A parcel of land, 4 buildings and various structures located at Dongma Village, Yongqing Town, Yongqing County, Langfang City, Hebei Province, The PRC	位於中國河北省 永清縣永清鎮 東麻村之 一塊土地，四棟建築物及多項構築物	No Commercial Value
145.	A Well Site located at Xinwu Village, Yongqing County, Zangfang City, Hebei Province, The PRC	位於中國河北省 廊坊市 永清縣 辛務村之一個井場	No Commercial Value
146.	A parcel of land, 2 buildings and various structures located at the northern side of Yangzhuang Village, Nanniu Township, Zhengding County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省 石家莊市 正定縣 南牛鄉 楊莊村北之 一塊土地，兩棟建築物及多項構築物	No Commercial Value
147.	A Valve Station located at Zhoujia Zhuang Village, Lichengdao Township, Wuji County, Shijiazhuang City, Hebei Province, The PRC	位於中國河北省 石家莊市 無極縣 里城道鄉 周家莊村之 一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
148.	A Valve Station located at Jushi Village, Yongyang Town, Laishui County, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶水縣永陽鎮居士村之一個閥室	No Commercial Value
149.	A Valve Station located at Lianchi Village, Qingliangsi Street, Zhuozhou City, Hebei Province, The PRC	位於中國河北省涿州市清涼寺街道蓮池村之一個閥室	No Commercial Value
150.	A Valve Station located at No. 12 Village, Donggugang Town, Anci District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市安次區東沽港鎮十二號村之一個閥室	No Commercial Value
151.	A Valve Station located at Dahanzhaisan Village, Donghongsi Township, Guan County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市固安縣東紅寺鄉大韓寨三村之一個閥室	No Commercial Value
152.	A Valve Station located at Bayang Road, Dawangzhuang Village, Yangfengang Township, Ba County, Bazhou City, Hebei Province, The PRC	位於中國河北省霸州市霸縣楊芬港鄉大汪莊村霸楊路之一個閥室	No Commercial Value
153.	A land parcel located at Nursery field, Du Village, Laiyuan County, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣杜村苗圃場之一塊土地	No Commercial Value
154.	A Valve Station located at Xizhuangtou Village, Songlindian Town, Zhuozhou City, Hebei Province, The PRC	位於中國河北省涿州市松林店鎮西莊頭村之一個閥室	No Commercial Value
155.	A Valve Station located at Dongyangxianwu Village, Gongcun Town, Guan County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市固安縣宮村鎮東楊先務村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
156.	A Valve Station located at Huijichang Village, Lilan Town, Yongqing County, Anci District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市安次區永清縣里瀾城鎮惠濟場村之一個閥室	No Commercial Value
157.	A Gas Distribution Station located at Jiangjiawa Village, Duzhuang Township, Funing County, Qinhuangdao City, Hebei Province, The PRC	位於中國河北省秦皇島市撫寧縣杜莊鄉蔣家窪村之一個天然氣分輸站	No Commercial Value
158.	A Gas Distribution Station located at Taoliying Village, Xinzhuangzi Township, Fengrun District, Tangshan City, Hebei Province, The PRC	位於中國河北省唐山市豐潤區新莊子鄉陶立營村之一個天然氣分輸站	No Commercial Value
159.	A Gas Distribution Station located at Wangzhuangzi Village, Zhongbei Town, Xiqing District, Tianjin, The PRC	位於中國天津市西青區中北鎮汪莊子村之一個天然氣分輸站	No Commercial Value
160.	A Gas Distribution Station located at Xiaobianzhuang Village, Jingwu Town, Xiqing District, Tianjin, The PRC	位於中國天津市西青區精武鎮小卞莊村之一個天然氣分輸站	No Commercial Value
161.	A Valve Station located at Dawangzhuang Village, Yangfengang Town, Bazhou City, Hebei Province, The PRC	位於中國河北省霸州市楊芬港鎮大汪莊村之一個閥室	No Commercial Value
162.	A land parcel, 2 buildings and various structures located at Jiaochang Village, Zijingguan Town, Yi County, Baoding City, Hebei Province, The PRC	位於中國河北省保定市易縣紫荊關鎮教廠村之一塊土地，二棟建築物及多項構築物	No Commercial Value
163.	A Valve Station located at Xinpanshi Village, Xiling Town, Yi County, Baoding City, Hebei Province, The PRC	位於中國河北省保定市易縣西陵鎮新畔石村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
164.	A Valve Station located at Xinpanshi Village, Xiling Town, Yi County, Baoding City, Hebei Province, The PRC	位於中國河北省廊坊市永清縣管家務鄉胡其營村之一個閥室	No Commercial Value
165.	A Valve Station located at Jiuzhou 3rd Village, Jiuzhou Town, Guangyang District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市廣陽區舊州鎮舊州三村之一個閥室	No Commercial Value
166.	A Valve Station located at Cuixintun Village, Maan Town, Anci District, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市安次區碼安鎮崔辛屯村之一個閥室	No Commercial Value
167.	A Valve Station located at Nangong Village, Daliuhe Town, Wenan County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市文安縣大柳河鎮南宮村之一個閥室	No Commercial Value
168.	A Valve Station located at Beishang Village, Nancaicun Town, Wuqing District, Tianjin, The PRC	位於中國天津市武清區南菜村鎮北商村之一個閥室	No Commercial Value
169.	A Valve Station located at Wengyangfang Village, Nancaicun Town, Wuqing District, Tianjin, The PRC	位於中國天津市武清區南菜村鎮翁羊坊村之一個閥室	No Commercial Value
170.	A Valve Station located at Jintai Village, Datunkou Town, Baodi District, Tianjin, The PRC	位於中國天津市寶坻區大口屯鎮金台村之一個閥室	No Commercial Value
171.	A Valve Station located at Beishi Village, Wangbuzhuang Town, Baodi District, Tianjin, The PRC	位於中國天津市寶坻區王蔚莊鎮北史村之一個閥室	No Commercial Value
172.	A Valve Station located at Xidingfuzhuang Village, Woluogu Town, Yutian County, Tangshan City, Hebei Province, The PRC	位於中國河北省唐山市玉田縣窩洛沽鎮西定府莊之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
173.	A Valve Station located at Zhuanghushang Village, Fengdengwu County, Fengrun District, Tangshan City, Hebei Province, The PRC	位於中國河北省唐山市豐潤區豐登塢鎮莊戶尚村之一個閥室	No Commercial Value
174.	A Valve Station located at Zhuanghushang Village, Fengdengwu Township, Fengrun District, Tangshan City, Hebei Province, The PRC	位於中國河北省唐山市豐潤區常莊鄉常莊村之一個閥室	No Commercial Value
175.	A Valve Station located at Beihe Village, Zhenzi Town, Luan County, Tangshan City, Hebei Province, The PRC	位於中國河北省唐山市灤縣榛子鎮北河村之一個閥室	No Commercial Value
176.	A Valve Station located at Dongshetanyu Village, Taipingzhuang Township, Qianan City, Hebei Province, The PRC	位於中國河北省遷安市太平莊鄉東蛇探峪村之一個閥室	No Commercial Value
177.	A Valve Station located at Buguanying Village, Yejituo Town, Qianan City, Hebei Province, The PRC	位於中國河北省遷安市遷安市野雞坨鎮卜官營村之一個閥室	No Commercial Value
178.	A Valve Station located at Zhaojiawa Village, Xiazhai Township, Lulong County, Qinhuangdao City, Hebei Province, The PRC	位於中國河北省秦皇島市盧龍縣下寨鄉趙家窪村之一個閥室	No Commercial Value
179.	A Valve Station located at Xiaogezhuang Village, Chaopeng Township, Funing County, Qinhuangdao City, Hebei Province, The PRC	位於中國河北省秦皇島市撫寧縣茶棚鄉肖各莊村之一個閥室	No Commercial Value
180.	A Valve Station located at Longkoudian Village, Yuguan Town, Funing County, Qinhuangdao City, Hebei Province, The PRC	位於中國河北省秦皇島市撫甯縣榆關鎮龍口店村之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
181.	A Valve Station located at Du Village, Nantun Township, Laiyuan Town, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣南屯鄉杜村之一個閥室	No Commercial Value
182.	A Valve Station located at Hongquan Village, Beishifo Township, Laiyuan Town, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣北石佛鄉紅泉村之一個閥室	No Commercial Value
183.	A Valve Station located at Xiaohe Village, Yangjiazhuang Township, Laiyuan Town, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣楊家莊鎮小河村之一個閥室	No Commercial Value
184.	A Valve Station located at Tieling Village, Yangjiazhuang Township, Laiyuan Town, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣楊家莊鎮鐵嶺村之一個閥室	No Commercial Value
185.	A Valve Station located at Wanganzhen Village, Wanganzhen Town, Laiyuan Town, Baoding City, Hebei Province, The PRC	位於中國河北省保定市淶源縣王安鎮鎮王安鎮村之一個閥室	No Commercial Value
186.	A Valve Station located at south of Wangjiawu Village, Liuquan Town, Guan County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市固安縣柳泉鎮王家務村南之一個閥室	No Commercial Value
187.	A Valve Station located at north of Nangongyou Village, Dongwan Township, Guan County, Langfang City, Hebei Province, The PRC	位於中國河北省廊坊市固安縣東灣鄉南公由村北之一個閥室	No Commercial Value
188.	A Valve Station located at north of Lujiachang Village, Qingliangsi Street Office, Zhuozhou City, Hebei Province, The PRC	位於中國河北省涿州市清涼寺街道蘆家場村北之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
189.	A Distribution Station located at north of Fuxing Nursery, Fangshan District, Beijing, The PRC	位於中國北京市房山區復興苗圃場北之一個分輸站	No Commercial Value
190.	A Valve Station located at east of Guogezhuang Village, Qinglonghu Town, Fangshan District, Beijing, The PRC	位於中國北京市房山區青龍湖鎮果各莊村東之一個閥室	No Commercial Value
191.	A Valve Station located at north of Weigezhuang Village, Wangzuo Town, Fengtai District, Beijing, The PRC	位於中國北京市豐台區王佐鎮魏各莊村北之一個閥室	No Commercial Value
192.	A Valve Station located at west of Tanzhe Temple, Mentougou District, Beijing, The PRC	位於中國北京市門頭溝區潭柘寺西之一個閥室	No Commercial Value
193.	A Valve Station located at northeast of Jiuyuan Village, Wangping Town, Mentougou District, Beijing, The PRC	位於中國北京市門頭溝區王平鎮韭園村東北之一個閥室	No Commercial Value
194.	A Valve Station located at west of Zhoujiaxiang Village, Sujiatuo Town, Haidian District, Beijing, The PRC	位於中國北京市海澱區蘇家坨鎮周家巷村西之一個閥室	No Commercial Value
195.	A Valve Station located at north of Qianshajian Village, Sujiatuo Town, Haidian District, Beijing, The PRC	位於中國北京市海澱區蘇家坨鎮前沙澗村北之一個閥室	No Commercial Value
196.	A Valve Station located at north of Shijiaqiao Village, Yangfang Town, Changping District, Beijing, The PRC	位於中國北京市昌平區陽坊鎮史家橋村北之一個閥室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
197.	A Distribution Station located at northeast of Xishatun Village, Shahe Town, Changping District, Beijing, The PRC	位於中國北京市昌平區沙河鎮西沙屯村東北之一個分輸站	No Commercial Value
		Sub-total:	451,300,000
Group II – Properties leased by the Target Group in the PRC			
198.	An office unit located at the western side of Guo Road, Dameng Town, Yangqu County, Taiyuan City, Shanxi Province, The PRC	位於中國山西省太原市陽曲縣大孟鎮國道西之一個辦公室單位	No Commercial Value
199.	Level 2 of an office building and an open car park located at No. 408 Wenhua Road, Qinhuangdao City, Hebei Province, The PRC	位於中國河北省秦皇島市文化路408號之一棟辦公樓第二層及一個停車場	No Commercial Value
		Sub-total:	Nil

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
Group III – Properties held for owner-occupation by the Group in the PRC			
200.	A CNG Gate Station located at No. 9 Xingguang 2nd Street, Dong Village, Taihu Town, Tongzhou District, Beijing, the PRC	位於中國北京市 通州區 台湖鎮 董村 興光二街9號 之一個壓縮天然氣門站	500,000
201.	A land parcel located at south of Shen Zhen Road, Shucheng Town, Shuyang County, Suqian City, Jiangsu Province, The PRC	位於中國 江蘇省宿遷市 沭陽縣沭城鎮 深圳路南側 之一塊土地	500,000
202.	A Gas Filling Station located at Shihuang Village, Economic & Technology Development Zone, Jiangyan City, Jiangsu Province, The PRC	位於中國江蘇省 姜堰市 經濟開發區石黃村 之一個加氣站	6,660,000
203.	A Light Hydrocarbon Recovery Plant located at Dongzhi Village, Xifeng District, Qingyang City, Gansu Province, The PRC	位於中國 甘肅省慶陽市 西峰區董志村 之一個輕烴回收廠	No Commercial Value
204.	An office building located at No. 83 Shi You Street, Xinglongtai District, Panjin City, Liaoning Province, The PRC	位於中國 遼寧省盤錦市 興隆台區 石油大街83號 之一棟辦公樓	51,350,000
205.	A CNG Master Station located at Yongle Town Industrial Zone, Jingyang County, Xianyang City, Shaanxi Province, The PRC	位於中國陝西省 咸陽市涇陽縣 永樂鎮工業園區 之一個壓縮天然氣母站	No Commercial Value
206.	Room 1 on Level 1, Levels 2, 4, 5, 6 and 13, Mezzanine Floor and Basement Level 1, Xinjie Building, No. 9 North 2nd Lane, Gao Xin Street, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 烏魯木齊市 高新街 北二巷9號 新捷大廈 第一層1室，第二層， 第四至六及十三層及 夾層以及負一層	74,500,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
207.	Units 29F and 29G, Level 29, Yingke International Centre, No. 1 Diamond City, Beijing Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 烏魯木齊市 北京路 鑽石城1號 盈科國際中心29樓 29F及29G室	No Commercial Value
208.	A land parcel located at No. 1824 West Ring Central Road, Sayibak District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 沙依巴克區 西環中大路1824號 之一塊土地	710,000
209.	A CNG Master Station located at 9th Company, Sanping Farm, 12th Agriculture Division, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 農十二師 三坪農場九連 之一個壓縮天然氣母站	11,390,000
210.	A land parcel and 2 buildings and various structures located at Wu Chang Road, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市頭屯河區 烏昌公路 之一塊土地及兩棟房屋及 若干構築物	960,000
211.	A land parcel located at No. 4 Bei Zhan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 北站路4號 之一塊土地	1,570,000
212.	A Car Transformation Factory located at No. 295 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 水磨溝區 七道灣南路295號 之一個改車廠	2,290,000
213.	A Gas Filling Station located at No. 138 Ying Bin Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 迎賓路138號 之一個加氣站	2,480,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
214.	A Gas Filling Station located at No. 46 Xi Shan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市西山路46號之一個加氣站	5,140,000
215.	A building and various ancillary structures located at No. 778 Mi Quan South Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市米泉南路778號之一幢房屋及若干附屬構築物	No Commercial Value
216.	A Gas Filling Station located at No. 515 Mi Quan South Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市米泉南路515號之一個加氣站	1,440,000
217.	A Gas Filling Station located at No. 80 Cang Fang Gou Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市倉房溝路80號之一個加氣站	640,000
218.	A Gas Filling Station located at No. 859 Ka Shi East Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市喀什東路859號之一個加氣站	1,810,000
219.	A Gas Filling Station located at No. 176 Dong Shan Street, Dong Shan Main Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市東山大道東山街176號之一個加氣站	1,580,000
220.	A Gas Filling Station located at No. 138 Su Zhou East Street, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市蘇州東街138號之一個加氣站	5,230,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
221.	Units 3 and 4, No. 61 Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 石河子市 東一路61號3及4室	No Commercial Value
222.	Level 2, No. 63-A Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 石河子市 東一路63-A號二樓	12,800,000
223.	A Gas Filling Station located at 4th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 4號小區 之一個加氣站	1,430,000
224.	A Gas Filling Station located at 29th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 29號小區 之一個加氣站	900,000
225.	A Natural Gas Gate & Filling Station located at 38th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 38號小區 之一個天然氣門站及加氣站	4,240,000
226.	A Pump Station located at 7th Company, 147th Regiment, 8th Agriculture Division, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 農八師一四七團七連之 一個泵站	130,000
227.	A Gas Filling Station located at Lao Street, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 老街 之一個加氣站	No Commercial Value
228.	A Gas Filling Station located at West Park Road, Sandaohezi Town, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 三道河子鎮 西公園路 之一個加氣站	1,270,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
229.	A CNG Master Station located at Hutubi County, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區昌吉回族自治州呼圖壁縣之一個壓縮天然氣總站	970,000
230.	A Gas Filling Station located at No. 85 Century Main Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市克拉瑪依區世紀大道85號之一個加氣站	2,380,000
231.	A CNG Master & Gas Filling Station located at No. 4 A Shan Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市克拉瑪依區阿山路4號之一個壓縮天然氣母站及一個加氣站	4,580,000
232.	A Gas Filling Station located at No. 36 West Ring Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市克拉瑪依區西環路36號之一個加氣站	3,210,000
233.	A Gas Filling Station located at No. 10 Tong Xun Road Jia, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市克拉瑪依區通訊路甲10號之一個加氣站	2,770,000
234.	An Office Building located at No. 6 Hong Shan Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市紅山路6號之一幢辦公樓	2,770,000
235.	A CNG Master Station located at Urho District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市烏爾禾區之一個壓縮天然氣母站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
236.	A Gas Filling Station located at Qindel Street, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區博爾塔拉蒙古自治州博樂市青得里大街之一個加氣站	540,000
237.	A Gas Filling Station located at Jinghe County, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區博爾塔拉蒙古自治州精河縣之一個加氣站	No Commercial Value
238.	A Gas Filling Station located at No. 798 Xin Cheng East Road, Piqan County, Turpan Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區吐魯番地區鄯善縣新城東路798號之一個加氣站	2,930,000
239.	A Gas Gate & Filling Station located at West of East Ring Road, Mori Kazakh Autonomous County, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區昌吉回族自治州木壘哈薩克自治縣東環路西側之一個天然氣門站及加氣站	No Commercial Value
240.	A Gas Distribution & Filling Station located at No. 136 Bei Jing West Road, Kuytun City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區伊犁哈薩克自治州奎屯市北京西路136號之一個天然氣分輸站及加氣站	940,000
241.	A Gas Filling Station located at No. 518 Bei Jing East Road, Wusu City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區伊犁哈薩克自治州烏蘇市北京東路518號之一個加氣站	3,760,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
242.	A Gas Filling Station located at No. 3919 312th State Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市獨山子區312國道3919號之一個加氣站	5,700,000
243.	A land parcel and an Office Building located at No. 29 Shao Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市獨山子區韶山路29號之一塊土地及一幢辦公大樓	1,240,000
244.	A Gas Filling Station located at No. 1-1 Shao Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市獨山子區韶山路1-1號之一個加氣站	1,670,000
245.	A CNG Gate Station located at the western side of Huanghe Road, Gaoqing County, Zibo City, Shandong Province, The PRC	位於中國山東省淄博市高青縣黃河路西首之一個壓縮天然氣分輸站	3,050,000
246.	A Gas Filling Station located at the east of East Ring Road, Gaoqing County, Zibo City, Shandong Province, The PRC	位於中國山東省淄博市高青縣東外環路以東之一個加氣站	850,000
247.	A CNG Gate Station located at No. 1698 Le An Street, Pangjia Town, Boxing County, Zibo City, Shandong Province, The PRC	位於中國山東省淄博市博興縣龐家鎮樂安大街1698號之一個壓縮天然氣門站	1,850,000
248.	2 buildings and various structures located at Jia 1 No. 182 Zhong Xin Road, Zhangdian District, Zibo City, Shandong Province, The PRC	中國山東省淄博市張店區中心路182號甲1之二幢房屋及若干構築物	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
249.	A Gas Filling Station located at Xin Long Street South, Jibei Development Zone, Jiyang County, Jinan City, Shandong Province, The PRC	位於中國山東省濟南市濟陽縣濟北開發區興隆街南之一個加氣站	1,160,000
250.	A Gas Filling Station located at No. 25 Chuang Ye Road, Urban Industrial Zone, Shanghe County, Jinan City, Shandong Province, The PRC	位於中國山東省濟南市商河縣城區產業園創業路25號之一個加氣站	1,270,000
251.	A CNG Gate Station located at west of Peng Jia Village, Shanghe County, Jinan City, Shandong Province, The PRC	位於中國山東省濟南市商河縣彭家村以西之一個壓縮天然氣門站	450,000
252.	A land parcel located at west of Zhiyangxian, Shagedu Town, Zhungeer Economic Development Zone, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區准格爾經濟開發區沙圪堵鎮指羊線西之一塊土地	12,710,000
253.	A Gas Filling Station located at the southern side of Huanghe Street and the eastern side of Laodong Road, Rare Earth Elements High Technology Zone, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區稀土高新區黃河大街以南、勞動路以東之一個加氣站	4,560,000
254.	A Liquefied Gas Filling Station located at Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市千里山工業園之一個液化天然氣加氣站	No Commercial Value
255.	A Liquefied Natural Gas Filling Station located at north of Electricity Station, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市海勃灣區電廠北之一個加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
256.	A CNG Master Station located at the northern side of Xincheng North Street and the southern side of Zhanqian Road, Shulinzhao Town, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區鄂爾多斯市樹林召鎮新城北街北側、站前路東側之一個壓縮天然氣母站	2,900,000
257.	A Gas Filling Station located at north of Ordos West Street, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區鄂爾多斯西街南之一個加氣站	1,800,000
258.	A Gas Filling Station located at the southern side of Express Road Exit, Shilu Town, Changjiang Li Autonomous County, Hainan Province, The PRC	位於中國海南省昌江黎族自治縣石碌鎮高速公路出口路南側之一個加氣站	No Commercial Value
259.	A Natural Gas Compression Station located at Renrong Village, Salt Operation Zone, Huaqiao Grain Farm, Chengmai County, Hainan Province, The PRC	位於中國海南省澄邁縣華僑農場鹽丁作業區仁榮村之一個天然氣壓縮站	2,000,000
260.	A Petrol and Gas Filling Station located at 111 km East Line Expressway, Longgun Town, Wanning City, Hainan Province, The PRC	位於中國海南省萬寧市龍滾鎮東線高速公路111公里之一個加油加氣站	890,000
261.	A Gas Filling Station located at Haifu Road, Haikou City, Hainan Province, The PRC	位於中國海南省海口市海府路之一個加氣站	900,000
262.	A gas filling station located at the northern side of Haixiu Road, Haiko City, Hainan Province, The PRC	位於中國海南省海口市海秀路北側之一個加氣站	3,890,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
263.	A Liquefied Natural Gas Plant located at Renrong Village, Salt Operation Zone, Chengmai Huaqiao Grain Farm, Hainan Province, The PRC	位於中國海南省澄邁華僑農場鹽丁作業區仁榮村之一個液化天然氣工廠	6,900,000
264.	A Gas Filling Station located beside Lulong Road, south of Luxian, Luzhou City, Sichuan Province, The PRC	位於中國四川省瀘州市瀘縣縣城南部瀘隆線旁之一個加油站	No Commercial Value
265.	A Gas Filling Station located at No.533 Chengguan East Road, Pitong Town, Pi County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市郫縣郫筒鎮成灌東路533號一個加油站	1,300,000
266.	Level 3, Sanli Company Building, No. 34 Martyrs Cemetery, Hejiang Country, Luzhou City, Sichuan Province, The PRC	中國四川省瀘州市合江縣烈士陵園34號三力公司聯建房3樓	900,000
267.	A Distribution Station located at Xin Qiao Chemical Industrial Park Area, Guangan City, Sichuan Province, The PRC	位於中國四川省廣安市新橋化工工業園區之一個輸配氣站	1,650,000
268.	A Gas Filling Station located at No. 368 Nanyi Road, Economic Development Zone, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市經開區南一路368號之一個加氣站	4,320,000
269.	A Well Site and various ancillary structures located at Youyu Village, Shouminxiang, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣壽民鄉有餘村之一個井場及配套構築物	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
270.	A Well Site and various ancillary structures located at Jin Xiang Village Qi She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣敦厚鄉金相村七社之一個井場及配套構築物	No Commercial Value
271.	A Well Site and various ancillary structures located at Wu Hui Village Si She, Wuxing Town, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣五星鎮五會村四社之一個井場及配套構築物	No Commercial Value
272.	A Well Site and various ancillary structures located at Si She, Wu Hui Village, Wuxing Town, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣五星鎮五會村四社之一個井場及配套構築物	No Commercial Value
273.	A Well Site and various ancillary structures located at Jin Xiang Village Er She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣敦厚鄉金相村二社之一個井場及配套構築物	No Commercial Value
274.	A Well Site and various ancillary structures located at Ma Hu Village Wu She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣敦厚鄉馬湖村五社之一個井場及配套構築物	No Commercial Value
275.	A Well Site and various ancillary structures located at Bai Ma Village Er She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣敦厚鄉白馬村二社之一個井場及配套構築物	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
276.	A Well Site and various ancillary structures located at Chang Xi Village Er She, Hong Tang Village Wu She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣西來鎮紅塘村五社、場西村二社之一個井場及配套構築物	No Commercial Value
277.	A Well Site and various ancillary structures located at Hong Tang Village Wu She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣西來鎮紅塘村五社之一個井場及配套構築物	No Commercial Value
278.	A Well Site and various ancillary structures located at Liang He Village Er She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣西來鎮兩河村二社之一個井場及配套構築物	No Commercial Value
279.	A Well Site and various ancillary structures located at Ma Fu Village San She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市蒲江縣西來鎮馬福村三社之一個井場及配套構築物	No Commercial Value
280.	A Gas Filling Station located at Sanshe, Juancheng Village, Pitong Town, Pi County, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市郫縣郫筒鎮鵑城村三社之一個加氣站	2,800,000
281.	A Gas Filling Station located at No. 34 Martyrs Cemetery, Hejiang Country, Luzhou City, Sichuan Province, The PRC	位於中國四川省瀘州市合江縣烈士陵園34號之一個加氣站	700,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
282.	An industrial complex located at No. 22 Xing Guang Road Central, Longquanyi District, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市龍泉驛區星光中路22號之一個工業區	5,000,000
283.	A composite building located at No. 81 Inner North Street, Liucheng Town, Wenjiang District, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市溫江區柳城鎮內北街81號之一幢綜合樓	8,350,000
284.	A Gas Filling Station located at No. 12 Er Xian Qiao Dong Road, Chenghua District, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市成華區二仙橋東路12號之一個加氣站	4,140,000
285.	A Gas Filling Station located at No. 9 Huayang Gucheng Village, Shuangliu County, Chengdu City, Sichuan Province, The PRC	中國四川省成都市雙流縣華陽古城村九社之一個加氣站	320,000
286.	Various units on 5th Floor, Composite Building, Shuangnan 6th Group, Yongfeng Township, Wuhou District, Chengdu City, Sichuan Province, The PRC	中國四川省成都市武侯區永豐鄉雙楠六組綜合樓5樓數個單位	2,200,000
287.	A Gas Filling Station with ancillary buildings and structures in No. 4 San Guan Tang Street, Jinjiang District, Chengdu City, Sichuan Province, The PRC	中國四川省成都市錦江區三官堂街4號之一個加氣站及配築物	10,200,000
288.	A Gas Filling Station with ancillary buildings and structures in Sanyuan Village 1st Group, Shiyang Village, High and New Technology District, Chengdu City, Sichuan Province, The PRC	中國四川省成都市高新區石羊鄉三元村一組之一個加氣站及配套建築物	1,200,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
289.	A Gas Filling Station located at Xilin Village 4th Group, Qinglong Village, Chenghua District, Chengdu City, Sichuan Province, The PRC	中國四川省成都市 成華區 青龍鄉 西林村四組之 一個加氣站及配套建築物	5,040,000
290.	A Gas Filling Station with ancillary buildings and structures in No. 138 Shu Zhou Nan Road, Chongyang Town, Chongzhou City, Chengdu City, Sichuan Province, The PRC	中國四川省成都市 崇州市崇陽鎮 蜀州南路138號之 一個加氣站及配套建築物	4,200,000
291.	A Gas Filling Station with ancillary buildings and structures in Dashan Village 4th Group, Dashanpu Town, Daan District, Zigong City, Sichuan Province, The PRC	中國四川省自貢市 大安區大山鋪鎮 大山村4組之 一個加氣站及配套建築物	1,000,000
292.	A Gas Filling Station with ancillary buildings and structures in No. 8 Guandu Village, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, The PRC	中國四川省成都市 大邑縣晉原鎮 官渡村八社之 一個加氣站及配套建築物	4,800,000
293.	A Gas Filling Station located at Nei Bei Road North, Central District, Neijiang City, Sichuan Province, The PRC	中國四川省內江市 市中區內碑路北側之 一個加氣站	2,660,000
294.	A land parcel located at Lower Maanshan Transformer Station, Central District, Neijiang City, Sichuan Province, The PRC	中國四川省內江市 市中區馬鞍山變電站下面之一 塊土地	320,000
295.	A Distribution Station located at the northern side of North Station West Road, Renqiu City, Hebei Province, The PRC	位於中國河北省 任丘市北站西路北側之 一個分輸站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
296.	An Office Building and a garage located at west of Huizhan Avenue, south of South Gate North Station Road, Renqiu City, Hebei Province, The PRC	位於中國河北省任丘市南關北站路南會戰大道西之辦公樓及車庫	No Commercial Value
297.	A land parcel located at west of Yan Shan North Road, Renqiu City, Hebei Province, The PRC	位於中國河北省任丘市燕山北道西側之一塊土地	No Commercial Value
		Sub-total:	329,260,000
Group IV – Properties held by the Group under development in the PRC			
298.	A Gas Distribution Station located at No. 2 Huangge Road West, Nansha District, Guangzhou City, Guangdong Province, The PRC	位於中國廣東省廣州市南沙區黃閣西路2號之一個天然氣分輸站	5,600,000
299.	A LNG Plant under construction located at Huaziping Town, Ansai County, Yanan City, Shaanxi Province, The PRC	位於中國陝西省延安市安塞縣化子坪鎮之一個在建中液化天然氣工廠	No Commercial Value
300.	A CNG Master Station under construction located at No. 315 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市米東工業園區之一個在建中壓縮天然氣母站	No Commercial Value
301.	A Gas Filling Station under construction located at Zhen Xing Road, Wuwu New Town, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市五五新鎮振興路之一個在建中加氣站	No Commercial Value
302.	A Gas Filling Station under construction located at Hoxtolgay Town, Hoboksar Mongol Autonomous County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區塔城地區和布克賽爾蒙古自治縣和什托洛蓋鎮之一個在建中加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
303.	A Gas Filling Station under construction located at Tiechanggou Town, Toli County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區塔城地區托裏縣鐵廠溝鎮之一個在建中加氣站	No Commercial Value
304.	A Liquefied Natural Gas Comprehensive Utilisation Project under construction located at west of Hancheng West Gate, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區哈密地區巴里坤哈薩克自治縣漢城西門西側之一個在建中液化天然氣綜合利用項目	No Commercial Value
305.	A Gas Filling Station under construction located at Xialaoba Township, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區哈密地區巴里坤哈薩克自治縣下澇壩鄉之一個在建中加氣站	No Commercial Value
306.	A Gas Filling Station under construction located at Dahe Town, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區哈密地區巴里坤哈薩克自治縣大河鎮之一個在建中加氣站	No Commercial Value
307.	A Gas Filling Station under construction located at north of 312th State Road, Piqan County, Turpan Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區吐魯番地區鄯善縣312國道北側之一個在建中加氣站	No Commercial Value
308.	A Gas Filling Station under construction located at Tianshan Scenic Area, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區昌吉回族自治州阜康市天池風景區之一個在建中加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
309.	A Gas Filling Station under construction located at Zhundong Petroleum Base, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 準東石油基地 之一個在建中加氣站	No Commercial Value
310.	A Gas Filling Station under construction located at West Section, Heavy Chemical Industrial Zone, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 重化工業園西區 之一個在建中加氣站	No Commercial Value
311.	A Gas Filling Station under construction located at east of Zhong Shan Road and south of Kun Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 昆山路南 中山路東 之一個在建中加氣站	No Commercial Value
312.	A Liquefied Natural Gas Plant under construction located in Lunnan Town, Luntai County, Bayin'gholin Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 巴音郭楞蒙古自治州 輪台縣 輪南鎮之 一個在建中液化天然氣工廠	No Commercial Value
313.	A CNG Distribution Station located at south of Liu Xian Street, Binhai Economic Development Zone, Weifang City, Shandong Province, The PRC	位於中國山東省 濰坊市 濱海經濟開發區 柳賢街以南之 一個壓縮天然氣分輸站	No Commercial Value
314.	A LNG plant located inside Wutat District, Hainan District Xilangfeng Industrial Park, Haibowan District Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 烏海市海渤灣區 千里山工業園區、海南區西來 峰工業園區、烏達區內之 一個液化天然氣工廠	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
315.	A Liquefied Natural Gas Filling Station located at north of the intersection of Weiyi Road and Jingqi Road, Urad Houqi Industrial Park, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏拉特後旗工業園緯一路與經七路交滙路口北之一個液化天然氣加氣站	No Commercial Value
316.	A LNG Plant located at Bei Liang Tai Village, Bayangol Town, Dengkou County, Bayan Nur City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區巴彥淖爾市磴口縣巴彥高勒鎮北糧台村之一個液化天然氣工廠	No Commercial Value
317.	A Liquefied Natural Gas Filling Station located at the southern side of Rao Cheng Road, Dengkou County, Bayan Nur City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區巴彥淖爾市磴口縣繞城公路南側之一個液化天然氣加氣站	No Commercial Value
318.	A Liquefied Natural Gas Filling Station located at East Second Ring, Tumote Right Banner, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市土默特右旗東二環之一個液化天然氣加氣站	No Commercial Value
319.	A Liquefied Natural Gas Filling Station located at Keyuan Avenue, Tumd Right Banner, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市土默特右旗科園大道之一個液化天然氣加氣站	No Commercial Value
320.	A CNG plant located at Qianlishan Industrial Area, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市海勃灣區千里山工業園區之一個壓縮天然氣工廠	No Commercial Value
321.	A Liquefied Natural Gas Filling Station located at East Coal Line, Desheng pit, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市海勃灣區德晟礦坑口運煤專線東之一個液化天然氣加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
322.	A Liquefied Natural Gas Filling Station located inside Shaanxi Heavy Car Factory, Qianlishan Industrial Park, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市海勃灣區千里山工業園區陝西重汽廠區內之一個液化天然氣加氣站	No Commercial Value
323.	A Liquefied Natural Gas Filling Station located at west of Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市千里山工業園區西區之一個液化天然氣加氣站	No Commercial Value
324.	A Liquefied Natural Gas Filling Station located at North Jinshawan Scenic Area, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市金沙灣風景區北之一個液化天然氣加氣站	No Commercial Value
325.	A Liquefied Natural Gas Filling Station located at Xilangfeng Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市西來峰工業園區之一個液化天然氣加氣站	No Commercial Value
326.	A Liquefied Natural Gas Filling Station located at Lahuangxian and the intersection of Haihui Highway, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市拉黃線與海惠公路交界處之一個液化天然氣加氣站	No Commercial Value
327.	A Gas Filling Station located at the intersection of Huazi Road and Coal Line, Hainan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市海南區華資路與運煤專線交界處之一個加氣站	No Commercial Value
328.	A Gas Filling Station located at Moyi Ditch Coal Line, Wuhai City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區烏海市摩爾溝運煤通道之一個加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
329.	A Liquefied Natural Gas Filling Station located at 103 Provincial Road, Lamawan Town, Qingshuihe County, Hohhot City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 呼和浩特市清水河縣 喇嘛灣鎮 S103輔道之 一個液化天然氣加氣站	No Commercial Value
330.	A Liquefied Natural Gas Filling Station located at Wulanbulang Village, Zhungeer Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 鄂爾多斯市 准格爾旗 烏蘭不浪村之 一個液化天然氣加氣站	No Commercial Value
331.	A Petrol and Gas Filling Station located at East Da Te Road and South Coal Line, Shulinzhao Town, Dalad Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 鄂爾多斯市 達拉特旗 樹林召鎮 達特路東、運煤專線南之 一個加油加氣站	No Commercial Value
332.	A Liquefied Natural Gas Filling Station located at 46 km de Ao Line, Feng Shui Leung Immigrant Village, Bainijing Town, Dalad Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 鄂爾多斯市 達拉特旗 白泥井鎮 風水梁移民新村 德敖線46公里處之 一個液化天然氣加氣站	No Commercial Value
333.	A Gas Filling Station located at West Tiexi Yueshan Road and North Sports Street, Ordos City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 鄂爾多斯市 鐵西越山路西、體育街北之一 個加氣站	5,100,000
334.	A Liquefied Natural Gas Plant under development located at Qunxin Village, Huilonghe Town, Lizhou District, Guangyuan City, Sichuan Province, The PRC	位於中國四川省 廣元市利州區 迴龍河街道辦事處群心村 一個發展中之液化天然氣工廠	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
335.	A Liquefied Natural Gas Plant under development located at Xinqiao Industrial Zone, Guangan City, Sichuan Province, The PRC	位於中國四川省 廣安市新橋工業區 一個發展中之 液化天然氣工廠	51,650,000
336.	A land parcel together with various buildings and structures under construction located in Dagushan Peninsula, Dalian City, Liaoning Province, The PRC	位於中國遼寧省 大連市 大孤山半島之 一塊土地及在建中若干建築物 及構築物	No Commercial Value
337.	A land parcel together with various buildings and structures under construction located at an Artificial Island in Xitaiyang Shoal, Harbour Radiation Shoal, Rudong County, Nantong City, Jiangsu Province, The PRC	位於中國江蘇省 南通市 如東縣 海濱幅射沙洲 西太陽沙人工島上之 一塊土地及在建中若干建築物 及構築物	No Commercial Value
338.	A Gate Station located at south of Fuqian East Street and west of Jianshe Road, Shacheng Town, Huailai County, Zhangjiakou City, Hebei Province, The PRC	位於中國河北省 張家口市懷來縣沙城鎮 府前東街以南、建設路以西之 一個門站	800,000
		Sub-total:	63,150,000
Group V – Properties held by the Group for investment in the PRC			
339.	Units 701 and 702, Level 7, Gate No. 4, Block 9, Yuanyang Fengjing, No. 15 De Sheng Men Xi Da Street, Haidian District, Bejing, The PRC	中國北京市 海澱區 德勝門西大街15號 遠洋風景9號樓 4單元7樓 701及702室	9,900,000
340.	The basement of a commercial building located at No. 63-D Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 東一路63-D號 一幢商服樓 之地下室	7,500,000
		Sub-total:	17,400,000

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
Group VI – Properties to be acquired by the Group in the PRC			
341.	Levels 34 and 35, Nantong International Trade Centre, Chong Chuan Road, Yuan Lin Road, Xincheng District, Nantong City, Jiangsu Province, The PRC	中國江蘇省 南通市新城區 園林路 崇川路之 南通國際貿易中心 34及35層	No Commercial Value
342.	Unit 3301, Level 33, Nantong International Trade Centre, Chong Chuan Road, Yuan Lin Road, Xincheng District, Nantong City, Jiangsu Province, The PRC	中國江蘇省 南通市新城區 園林路 崇川路之 南通國際貿易中心 33層3301室	No Commercial Value
343.	A Gas Filling Station located at Panlong Village, Sanhe Town, Jiangyou City, Sichuan Province, The PRC	位於中國四川省 江油市三合鎮蟠龍村 之一個加氣站	No Commercial Value
344.	A Gas Filling and Distribution Station located at the northern side of 1st Road, Xining Section, Suining City Development Zone, Sichuan Province, The PRC	位於中國四川省 遂寧市開發區 西寧片區1號路以北之 一個加氣及配氣站	No Commercial Value
345.	A Petrol and Gas Filling Station located at No. 19 Huohua Road, Jialing District, Nanchong City, Sichuan Province, The PRC	位於中國四川省 南充市嘉陵區 火花路19號 之一個加油加氣站	No Commercial Value
346.	5 Units located at Nos. 220-222 Yuejin Street, Jine Town, Longchang County, Neijiang City, Sichuan Province, The PRC	位於中國四川省 內江市隆昌縣金鵝鎮 躍進街220-222號 之五個單位	No Commercial Value
347.	A CNG Distribution Station located at Dashiqiao Village, Nanjiang Town, Suining City Central District, Sichuan Province, The PRC	位於中國四川省 遂寧市中區 南強鎮大石橋村之 一個壓縮氣天然氣分輸站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
348.	A Gas Filling Station located at Shangba Village, Lantian Town, Jiangyang District, Luzhou City, Sichuan Province, The PRC	位於中國四川省瀘州市江陽區蘭田鎮上壩村之一個加氣站	No Commercial Value
349.	A Petrol and Gas Filling Station located at Banxiang Village, Weiping Township, Yantan District, Zigong City, Sichuan Province, The PRC	位於中國四川省自貢市沿灘區衛坪鄉板巷村之一個加油加氣站	No Commercial Value
350.	A Gas Filling Station located at Group 9 Jigong Residential Committee, Fenghuang Township. Daan District, Zigong City, Sichuan Province, The PRC	位於中國四川省自貢市大安區鳳凰鄉濟公居委會9組之一個加氣站	No Commercial Value
351.	A land parcel located in Petrochemical Industrial Zone, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區克拉瑪依市石化工業園內之一塊土地	No Commercial Value
352.	A land parcel located in Jiuyunjie Town, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區昌吉回族自治州阜康市九運街鎮之一塊土地	No Commercial Value
353.	A parcel of land located at Liujiagu Village, Shagedu Town, Zhungeer Banner, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區准格爾旗沙圪堵鎮劉家渠村之一塊土地	No Commercial Value
		Sub-total:	Nil

No.	Property	Market Value in existing state as at 31 December 2010 *RMB*
Group VII – Properties held by the Group for owner-occupation in overseas countries		
354.	A residential building located at No. 146 Fano Street, Arcadia, Los Angeles, California, The USA	11,400,000
355.	Avenida General Ernesto Montagne 540, Miraflores, Lima, Peru	4,050,000
356.	Avenida Jose A. Encinas 212, Miraflores, Lima, Peru	2,550,000
357.	Calle Jose Gabriel Chariarse 718, Miraflores, Lima, Peru	1,750,000
358.	A residential compound located at Calle 1 Mza C, Parcela D, Lote 3, Parinas District, Talara Province, Peru	3,400,000
359.	An industrial complex located at Avenida A, Parinas District, Talara Province, Peru	2,550,000
360.	An industrial complex located at Calle 1 Mza A, Parcela D, Parinas District, Talara Province, Peru	2,200,000
	Sub-total:	27,900,000
Group VIII – Properties leased by the Group in the PRC		
361.	Unit 1512A, Level 15, Block B, Luoke Times Square, No. 103 Huizhong Li, Chaoyang District, Beijing, The PRC 中國北京市朝陽區慧忠里103號洛克時代中心B座15樓1512A室	No Commercial Value
362.	Unit 1112, Level 11, Block B, Luoke Times Square, No. 103 Huizhong Li, Chaoyang District, Beijing, The PRC 中國北京市朝陽區慧忠里103號洛克時代中心B座11樓1112室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
363.	A Gate Station located at Jing-Shen Highway, Ciqu Opto-Mechatronics Industrial Park, Tongzhou District, Beijing, the PRC	位於中國北京市 通州區 京瀋高速公路 之一個門站	No Commercial Value
364.	A unit on Level 4, People's Bank of China Shuyang Branch Building, Shenzhen Road, Shuyang County, Suqian City, Jiangsu Province, The PRC	位於中國江蘇省 宿遷市沭陽縣 深圳路 中國人民銀行沭陽支行辦公樓4 樓之一個單位	No Commercial Value
365.	Units 401 to 413, Level 4, Block G, Overseas Scholars Innovation Park, Zhangjiagang Economic Development Zone, Zhangjiagang City, Jiangsu Province, The PRC	中國江蘇省 張家港市 張家港經濟開發區 留學生創業園 G棟4樓 401-403室	No Commercial Value
366.	A Gas Filling Station located at No. 176 Feng Tai South Road, Yuhuatai District, Nanjing City, Jiangsu Province, The PRC	位於中國 江蘇省南京市 雨花臺區 風台南路176號 之一個加氣站	No Commercial Value
367.	A Gas Filling Station located at No. 128 Pu Zhu Road, Pukou District, Nanjing City, Jiangsu Province, The PRC	位於中國 江蘇省南京市 浦口區 浦珠路128號 之一個加氣站	No Commercial Value
368.	A Gas Filling Station located at North Bus Carpark, Yangshe Town, Zhangjiagang City, Jiangsu Province, The PRC	位於中國江蘇省 張家港市楊舍鎮 城北公交停車場 之一個加氣站	No Commercial Value
369.	Unit B2102, Level 21, Block AB, Yida Redbud Business Centre, Xin Chang West Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC	中國寧夏回族自治區 銀川市金風區 新昌西路 易大 • 紫荊花商務中心 AB座21層 B2102室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
370.	A Gas Master & Filling Station located at No. 1338 Beijing West Road, Xixia District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC	位於中國寧夏回族自治區銀川市西夏區北京西路1338號之一個天然氣母站及加氣站	No Commercial Value
371.	A Petrol and Gas Filling Station located at Yin Heng East Road, Xingqing District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC	位於中國寧夏回族自治區銀川市興慶區銀橫東路之一個加油加氣站	No Commercial Value
372.	An Office Unit located at Level 2, Xiaoshan International Business Centre, No. 458 Jin Cheng Road, Xiaoshan District, Hangzhou City, Zhejiang Province, The PRC	位於中國浙江省杭州市蕭山區金城路458號蕭山國際商務中心2樓之一個辦公室單位	No Commercial Value
373.	Room 101, Block 14, Mudan Community, Beilun District, Ningbo City, Zhejiang Province, The PRC	中國浙江省寧波市北侖區牡丹小區14幢101室	No Commercial Value
374.	Unit 1201, Level 12, Block A, Optics Valley International Plaza, No. 889 Luo Yu Road, Hongshan District, Wuhan City, Hubei Province, The PRC	中國湖北省武漢市洪山區珞喻路889號光谷國際廣場A棟12層1201室	No Commercial Value
375.	Portion of Light Hydrocarbon Recovery Plant located at Yima Town, Qing Cheng County, Qingyang City, Gansu Province, The PRC	位於中國甘肅省慶陽市慶城縣驛馬鎮之一個輕烴回收廠之一部分	No Commercial Value
376.	A land parcel and various buildings and structures located at Bo Hai East Road, Xing Long Tai District, Panjin City, Liaoning Province, The PRC	位於中國遼寧省盤錦市興隆台區渤海東路之一塊土地及若干建築物及構築物	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
377.	A Gas Filling Station located at No. 45 Zhenchuan Main Road North, Chikan District, Zhanjiang City, Guangdong Province, The PRC	位於中國廣東省湛江市赤坎區椹川大道北45號之一個加氣站	No Commercial Value
378.	A Gas Filling Station located at Jichang Road, Xiashan District, Zhanjiang City, Guangdong Province, The PRC	位於中國廣東省湛江市霞山區機場路之一個加氣站	No Commercial Value
379.	A Gas Filling Station located at Ruiang Road, Mazhang District, Zhanjiang City, Guangdong Province, The PRC	位於中國廣東省湛江市麻章區瑞康路之一個加氣站	No Commercial Value
380.	Unit E10-11 on Level 5, Jinxiuhuajing Composite Building, No. 12 Luhua Road, Economic Technology Development Zone, Zhanjiang City, Guangdong Province, The PRC	中國廣東省湛江市經濟技術開發區綠化路12號錦綉華景綜合樓第五層E10-11單位	No Commercial Value
381.	Units 1201 and 1202, Block A, Diyi International Baian Centre, Nancheng District, Dongguan City, Guangdong Province, The PRC	中國廣東省東莞市南城區第一國際百安中心A座1201及1202室	No Commercial Value
382.	Units 1301, 1302 and 1303, Block A, Diyi International Baian Centre, Nancheng District, Dongguan City, Guangdong Province, The PRC	中國廣東省東莞市南城區第一國際百安中心A座1301、1302及1303室	No Commercial Value
383.	Level 3, Lianfeng Composite Building, No. 1 Liuxin Road, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, The PRC	中國廣東省廣州市南沙區黃閣鎮留新路1號蓮豐綜合樓三樓	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
384.	A Gas Filling Station located at No. 703 Fumin Central Road, Dalang Town, Dongguan City, Guangdong Province, The PRC	位於中國廣東省東莞市大朗鎮富民中路703號之一個加氣站	No Commercial Value
385.	A Gas Filling Station located at 107th State Road, Yongtou Village, Zhangan Town, Dongguan City, Guangdong Province, The PRC	位於中國廣東省東莞市長安鎮湧頭村107國道之一個加氣站	No Commercial Value
386.	Level 2 of Block B, No. 3 Keji Seventh Road, Gaoxin District, Xian City, Shaanxi Province, The PRC	中國陝西省西安市高新區科技七路3號B座二層	No Commercial Value
387.	A CNG Filling Station located at No. 1 A Fang 3rd Raod, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市阿房三路1號之一個壓縮天然氣加氣站	No Commercial Value
388.	A Car Park located at No. 3 A Fang 3rd Raod, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市阿房三路3號之一個停車場	No Commercial Value
389.	A Gas Filling Station located at the south of Fuyu Road, Yanta District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市雁塔區富裕路南之一個壓縮天然氣加氣站	No Commercial Value
390.	A Car Park located at Fuyu Road, Yanta District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市雁塔區富裕路之一個停車場	No Commercial Value
391.	A Gas Filling Station located at Yanxiang Raod, Yanta District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市雁塔區雁翔路之一個天然氣加氣站	No Commercial Value
392.	A Gas Filling Station located at No. 1 Chan He East Road, Baqiao District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市灞橋區滻河東路1號之一個天然氣加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
393.	A Car Park located at Chan He East Road, Baqiao District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市灞橋區滻河東路之一個停車場	No Commercial Value
394.	A Gas Filling Station located at No. 8 Fangbei Road, Baqiao District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市灞橋區紡北路8號之一個天然氣加氣站	No Commercial Value
395.	A Gas Filling Station located at Jian She Second Road, Weiyang District, Xian City, Shaanxi Province, The PRC	位於中國陝西省西安市未央區建設二路之一個加氣站	No Commercial Value
396.	A Unit located at the northern side of Jian She Middle Section, Yu Xi Street, Nan'an Town, Dayu County, Jiangxi Province, The PRC	位於中國江西省大余縣南安鎮余西街建設路中段北側之一間房屋	No Commercial Value
397.	3 Units, Level 9, Chen Yu Building, No. 3 Central North Street, High Technology Zone, Taiyuan City, Shanxi Province, The PRC	中國山西省太原市高新區中心北街3號晨雨大廈9樓之三間房屋	No Commercial Value
398.	A Gas Filling Station located at No. 98 Tou Tun He Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市頭屯河公路98號之一個加氣站	No Commercial Value
399.	A Gas Filling Station located at No. 764 Bei Zhan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市北站路764號之一個加氣站	No Commercial Value
400.	A Gas Filling Station located at No. 240 Dong Xiang Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市東祥路240號之一個加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
401.	A Gas Filling Station located at No. 96 Yan Er Wo Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市燕兒窩路96號之一個加氣站	No Commercial Value
402.	A Petrol & Gas Filling Station located at No. 315 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市七道灣南路315號之一個加油加氣站	No Commercial Value
403.	A Gas Filling Station located at No. 1068 Yan An Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市延安路1068號之一個加氣站	No Commercial Value
404.	A Gas Filling Station located at No. 985 Cui Quan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市翠泉路985號之一個加氣站	No Commercial Value
405.	A Gas Filling Station located at No. 93 Wu Xing North Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市五星北路93號之一個加氣站	No Commercial Value
406.	Portion of a land parcel and 4 Rooms of a Petrol & Gas Filling Station located at Wu Wu Road, Anningqu Town, Urumqi County, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市烏魯木齊縣安寧渠鎮烏五公路一個加油加氣站之部份土地及4間房屋	No Commercial Value
407.	A Land Parcel located at Wu Wu Road, Anningqu Town, Urumqi County, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國新疆維吾爾自治區烏魯木齊市四平路之一塊土地	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
408.	Portions of a land parcel and portion of a building located at No. 436 Xiang Yun West Street, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 頭屯河區 祥雲西街436號 一塊土地及一幢房屋之部份	No Commercial Value
409.	Portion of a land parcel and 2 Rooms of a Petrol & Gas Filling Station located at No. 143 Dong Hua North Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 烏魯木齊市 東華北路143號 一個加油加氣站之部份土地及2間房屋	No Commercial Value
410.	A Gas Filling Station located at 41st Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 石河子市 41號小區 之一個加氣站	No Commercial Value
411.	A Liquefied Natural Gas Station located at south of Urumqi West Road, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 烏魯木齊西路南 之一個液化天然氣站	No Commercial Value
412.	The Lobby on Level 1, the Suite Room and the Conference Room and Room Nos. 202-204 on Level 2, and Room Nos. 310-318 on Level 3, Century House Service Centre, No. 350 Liao Ning Road, Yining City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 伊犁哈薩克自治州 伊寧市 遼寧路350號 世紀嘉苑服務中心 一樓大廳及 二樓套間及會議室及202至204室以及 三樓310至318室	No Commercial Value
413.	A Petrol & Gas Filling Station located at North Ring Road, Yining City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 伊犁哈薩克自治州 伊寧市 環城北路 之一個加油加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
414.	A Composite Building located at No. 54 Bei Xing Road, Baijiantan District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 白堿灘區 北興路54號 之一幢綜合大樓	No Commercial Value
415.	Portion of a Petrol & Gas Filling Station located at Ying Chun Road, Baijiantan District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 白堿灘區 迎春路 之一個加油加氣站之部份	No Commercial Value
416.	A land parcel located at No. 7 Kun Lun Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 昆侖路7號 之一塊土地	No Commercial Value
417.	Levels 2 & 3, No. 28 You Jian Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 油建路28號 二樓及三樓	No Commercial Value
418.	Level 4, Unicom Building, No. 64 Ying Bin Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 迎賓路64號 聯通大廈四樓	No Commercial Value
419.	Room 201, Level 2, Free Market, 5th Quarter Jinlong Town, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 金龍鎮 五區自由市場二樓 201室	No Commercial Value
420.	Unit 22, Level 2, Block 12, Yongsheng Garden, No. 89 You Yi Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 友誼路89號 永昇花苑 12棟2樓22室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
421.	Unit C13-54, Level 3, Runfu Community, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 潤福小區 三層C13-54室	No Commercial Value
422.	Unit 16, Level 4, Block 12, Hongxing Estate, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	中國 新疆維吾爾自治區 克拉瑪依市 紅星新村 12幢四層16室	No Commercial Value
423.	3 Office Buildings located at No. 6 Hong Shan Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 紅山路6號 之三幢辦公樓	No Commercial Value
424.	Portion of a Petrol & Gas Filling Station located at west of 217th State Road, Urho District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 烏爾禾區 217國道西側 之一個加油加氣站之部份	No Commercial Value
425.	A land parcel and 2 buildings located at north of Tun Ken Road, Hotan City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 和田市 屯墾路北側 之一塊土地及2棟房屋	No Commercial Value
426.	Level 2, the Mezzanine Floor and the roof, No. 82 Urumqi South Road, Hotan City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 和田市 烏魯木齊南路82號 二樓，三樓樓頂房屋及屋頂	No Commercial Value
427.	Portion of Level 3 of a Commercial Building located at Square South Lane, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 哈密地區 巴里坤哈薩克自治縣 廣場南巷 一幢商業樓三樓之部份	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
428.	Portion of a Petrol & Gas Filling Station located at Ying Bin Mai Road, Kumul City, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 哈密地區 哈密市 迎賓大道 之一個加油加氣站之部份	No Commercial Value
429.	A Land Parcel and a Store Room located at No. 4 Ying Chun Road, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 博樂市 迎春路4號 之一塊土地及一間倉庫	No Commercial Value
430.	Unit 104, Block 2, 28th Community, Huang He Road, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 博樂市 黃河路 28號小區 2號樓104室	No Commercial Value
431.	A Unit on Level 1, Gate 1, Block 29, Longhu Estate, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 龍湖佳苑 29棟1單元1樓 之一間房屋	No Commercial Value
432.	Level 12, Landu Hotel, No. 12 Li Xiang Road, Korla City, Bayin'gholin Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC	位於中國 新疆維吾爾自治區 巴音郭楞蒙古自治州 庫爾勒市 梨香路12號 瀾都酒店12層	No Commercial Value
433.	A Petrol and Gas Filling Station with ancillary buildings located at No. 70 Shan Quan Road, Zhangdian District, Zibo City, Shandong Province, The PRC	中國山東省 淄博市張店區 山泉路70號之 一個加油加氣站及配套建築物	No Commercial Value
434.	A CNG Master Station located at No. 19 Min Xiang Road, Zhangdian District, Zibo City, Shandong Province, The PRC	中國山東省 淄博市張店區 民祥路19號 之一個壓縮天然氣母站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
435.	A CNG Master and Gas Filling Station located at Ju Xin Yuan Road, Dianzi Town, Boxing County, Binzhou City, Shandong Province, The PRC	位於中國山東省 濱州市博興縣 店子鎮 聚鑫源路之 一個壓縮天然氣母站及加氣站	No Commercial Value
436.	A Gas Filling Station with ancillary buildings located at No. 164 Chang Guo East Road, Zhangdian District, Zibo City, Shandong Province, The PRC	位於中國山東省 淄博市張店區 昌國東路164號之 一個加氣站及配套建築物	No Commercial Value
437.	A Gas Filling Station located at west of 4th East Road, Zhangdian District, Zibo City, Shandong Province, The PRC	中國山東省 淄博市張店區 東四路西側 之一個加氣站	No Commercial Value
438.	A Gas Filling Station located at the eastern side of Qi Lin Wu Liu Yuan, Zhangzhou Road South, Zhangdian District, Zibo City, Shandong Province, The PRC	中國山東省 淄博市張店區 張周路南 之一個加氣站	No Commercial Value
439.	Unit 903, Level 9, International Business Port, Liaocheng City, Shandong Province, The PRC	中國山東省 聊城市 國際商務港九樓 903室	No Commercial Value
440.	A Residential Unit located at Roads Bureau Staff Quarters, Binhai Development Zone, Weifang City, Shandong Province, The PRC	位於中國山東省 濰坊市 濱海開發區 公路局家屬院之 一個住宅	No Commercial Value
441.	Units 301 & 312, Area A, Xin Hai Yuan Hotel, Hai Hua Road, Binhai Economic Development Zone, Weifang City, Shangdong Province, The PRC	中國山東省 濰坊市 濱海經濟開發區 海化街 鑫海源大酒店 A區301及312室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
442.	Unit 304, Area A, Xin Hai Yuan Hotel, Hai Hua Road, Binhai Economic Development Zone, Weifang City, Shangdong Province, The PRC	中國山東省 濰坊市 海經濟開發區 海化街 鑫海源大酒店 A 區304室	No Commercial Value
443.	3 Units located at the courtyard of Family Planning Service Centre, Dajiawa Street, Dajiawa Town, Weifang City, Shangdong Province, The PRC	位於中國山東省 濰坊市大家洼鎮 大家洼街道 計劃生育服務中心後院 之三間房屋	No Commercial Value
444.	An Office Unit located at Level 3, Xinhaiyuan Catering Services Co., Ltd. Building, east of Hai Hua Street, Weifang City, Shangdong Province, The PRC	位於中國山東省 濰坊市 海化街東段 鑫海源餐飲服務有限公司3樓 之一個辦公室	No Commercial Value
445.	A Residential Unit located at Area 3, Dajiawa Village, Binhai Development Zone, Weifang City, Shangdong Province, The PRC	位於中國山東省 濰坊市 濱海開發區 大家洼村 三區 一個住宅單位	No Commercial Value
446.	A Residential Unit located at #10 Building, Yu Yuan Xiao Qu, Binhai Development Zone, Weifang City, Shangdong Province, The PRC	位於中國山東省 濰坊市 濱海開發區 裕源小區10號樓之 之一個住宅單位	No Commercial Value
447.	A Residential Unit located at Area 4, Haihua Staff Quarter, Shangdong Province, The PRC	位於中國山東省 海化家屬樓四區之 一間房屋	No Commercial Value
448.	A Residential Unit located at Area 3, Haihua Staff Quarter, Shangdong Province, The PRC	位於中國山東省 海化家屬樓三區之 一間房屋	No Commercial Value
449.	An Office Unit located at Long Kou Gao Xin Technological Industrial Park, No. 509 Lang Yuan Road, Yantai City, Shandong Province, The PRC	位於中國山東省 煙台市 朗源路509號 龍口高新技術工業園 之一個辦公室	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
450.	A CNG Filling Station located at North Wulan Road, Jiuyuan District, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市九原區烏蘭路北之一個壓縮天然氣加氣站	No Commercial Value
451.	A Gas Filling Station located inside No. 6 Youyi East Road, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市友誼東路6號之一個天然氣加氣站	No Commercial Value
452.	A Gas Filling Station located at the intersection of East Minzu Road and Moni Road, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市民族東路與莫尼路交叉口之一個加氣站	No Commercial Value
453.	A CNG Filling Station located at No. 33 Qingnian Road, Kundulun District, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市昆都侖區青年路33號之一個壓縮天然氣加氣站	No Commercial Value
454.	A Petrol and Gas Filling Station located at the northern side of 3 km of Baoyi Road, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包伊公路3公里處北側之一個加油加氣站	No Commercial Value
455.	A Petrol and Gas Filling Station located inside Guangtong station, Baogang plant area, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市包鋼廠區廣通站內之一個加油加氣站	No Commercial Value
456.	A Petrol and Gas Filling Station located at the intersection of Jianshe Road and Minzhu Road, Qingshan District, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國內蒙古自治區包頭市青山區建設路與民主路交叉口之一個加油加氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
457.	Level 2, No. 6 Keji Road, Gaoxin District, Baotou City, Inner Mongolia Autonomous Region, The PRC	位於中國 內蒙古自治區 包頭市高新區 科技路6號 二層	No Commercial Value
458.	West Unit, Level 1, Gate 1, Block 13, Section E, Mingxin House, Dongsheng District, Ordos City, Inner Mongolia Autonomous Region, The PRC	中國 內蒙古自治區 鄂爾多斯市東勝區 銘鑫家園 E區13號樓1單元1樓西戶	No Commercial Value
459.	A Gas Filling Station located at Fenghuang Road, Xiayangtian, Sanya City, Hainan Province, The PRC	位於中國海南省 三亞市下洋田社區鳳凰路之一 個加氣站	No Commercial Value
460.	A Gas Filling Station located at Yingbin Road, Wenchang City, Hainan Province, The PRC	位於中國海南省 文昌市迎賓路 之一個加氣站	No Commercial Value
461.	A LNG Filling Station located at Jinjiling, Sanya City, Hainan Province, The PRC	位於中國海南省 三亞市金雞嶺之 一個液化天然氣加氣站	No Commercial Value
462.	A LNG Filling Station located at Baishuitang, Haikou City, Hainan Province, The PRC	位於中國海南省 海口市白水塘之 一個液化天然氣加氣站	No Commercial Value
463.	Flat C, 13th Floor, Guomao Centre, No. 5 Yusha Road, Jinmao District, Haikou City, Hainan Province, The PRC	位於中國海南省 海口市金貿區 玉沙路5號 國貿中心十三樓C	No Commercial Value
464.	Levels 6, 7 and 11, West Block Phoenix Building, Phoenix Estate, No. 103 Haixin Road Central, Haikou City, Hainan Province, The PRC	中國海南省 海口市 海秀中路103號 鳳凰新村 鳳凰大廈 西座6, 7及11樓	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
465.	A Unit located at 17th Floor, Aki Building, No. 12 Haifu Road, Haikou City, Hainan Province, The PRC	位於中國海南省海口市海府路12號亞希大廈十七樓之一間房屋	No Commercial Value
466.	A Petrol and Gas Filling Station located at Nanlong Town, Qionghai City, Hainan Province, The PRC	位於中國海南省瓊海市南龍鎮之一個加油加氣站	No Commercial Value
467.	A petrol and gas filling station located at Wanquan Town, Qionghai City, Hainan Province, The PRC	位於中國海南省瓊海市萬泉鎮之一個加油加氣站	No Commercial Value
468.	A petrol and gas filling station located at Shuangyong Road, Jiaji Town, Qionghai City, Hainan Province, The PRC	位於中國海南省瓊海市嘉積鎮雙擁路之一個加油加氣站	No Commercial Value
469.	A Petrol, LNG, CNG and LPG filling station located at Aihua West Road, Jiaji Town, Qionghai City, Hainan Province, The PRC	位於中國海南省瓊海市嘉積鎮愛華西路之一個加油及液化及壓縮天然氣及液化石油氣加氣站	No Commercial Value
470.	A Distribution Station located at No. 126 Qinghe Village Yizu, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市清和村一組126號聯發公司之一個配氣站	No Commercial Value
471.	An Office Building located at No. 138 Baijin Road, Cu Qiao, Wuhou District, Chengdu City, Sichuan Province, The PRC	位於中國四川省成都市武侯區簇橋百錦路138號之一個辦公樓	No Commercial Value
472.	An Office Unit located at 12th Floor, East Building, Nan Shui Bei Diao Office Building, No. 69 Qi Lian Street, Shi Jia Zhuang City Development Zone, Hebei Province, The PRC	位於中國河北省石家莊市開發區祁連街69號南水北調辦公樓東樓第十二層之一個寫字樓	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
473.	A CNG Master Station located at Song Ying Town Han Tong Village South, Shi Jia Zhuang City Development Zone, Hebei Province, The PRC	位於中國河北省石家莊市開發區宋營鎮韓通村南之一個壓縮天然氣母站	No Commercial Value
474.	A CNG Master Station located at north of Bei Er Huan and west of Yue Ji Park, Zhang An District, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市長安區北二環以北、月季公園以西之一個壓縮天然氣母站	No Commercial Value
475.	A Gas Filling Station located at the intersection of Huai An Road and Dong Er Huan, Yu Hua District, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市裕華區槐安路與東二環交叉口之一個天然氣站	No Commercial Value
476.	A Gas Filling Station located beside 107th State Road, Liu Xin Zhuang Village, Hebei Province, The PRC	位於中國河北省柳辛莊村107國道側之一個天然氣站	No Commercial Value
477.	A Gas Filling Station located at 300 km North of the eastern side of the intersection of He Ping Road and Dong Er Huan, Hebei Province, The PRC	位於中國河北省和平路與東二環交叉口向東約300米路北之一個天然氣站	No Commercial Value
478.	A Gas Filling Station located at Jin He Oil Tank, Zheng Ding Zheng Ling Road, Zheng Ding County, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市正定縣正定正靈路金河油庫之一個天然氣站	No Commercial Value
479.	A Gas Filling Station located at Cun Xi Bai Li Te Avenue East, Xin Ji An Gu Cheng, Xin Ji City, Shi Jia Zhuang Area, Hebei Province, The PRC	位於中國河北省石家莊地區辛集市辛集安古城村西百立特大道東之一個天然氣站	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
480.	A Gas Filling Station located at the intersection of Yu Xiang Street East and Nan Er Huan Road, Yu Hua District, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市裕華區裕祥街東和南二環路北交叉口之一個天然氣站	No Commercial Value
481.	A Gas Filling Station located at the western side of the intersection of No. 69 Yu Hua Xi Road and You Yi Avenue, Qiao Xi District, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市橋西區裕華西路169號與友誼大街交點西側之一個天然氣站	No Commercial Value
482.	A Gas Filling Station located at No. 85 Zhong Guo Shi You Station, Shi Huo Bei Road, Qiaoxi District, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市橋西區石獲北路中國石油85號站內之一個天然氣站	No Commercial Value
483.	Levels 1 and 7, No. 128 Zhong Xing Road, Jin Zhou, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市晉州中興路128號一層及七層	No Commercial Value
484.	A Gas Filling Station located at Zhou Zhuang Qiao Tou Road South, 307 Provincial Road, Jin Zhou, Shi Jia Zhuang City, Hebei Province, The PRC	位於中國河北省石家莊市晉州307國道周莊橋頭路南之一個加氣站	No Commercial Value
485.	An Office Unit and Car-parking area located at eastern side of Shun Da Gas Filling Station, Bazhou City, Hebei Province, The PRC	位於中國河北省霸州市順達加氣站東鄰之一個辦公室及停車位	No Commercial Value
486.	A Residential Unit located at Ying Bin Shan Shui Xiao Qu, Bazhou City, Hebei Province, The PRC	位於中國河北省霸州市迎賓山水小區之一個住宅	No Commercial Value

No.	Property		Market Value in existing state as at 31 December 2010 *RMB*
487.	A Residential Unit located at Wang Tong Xiao Qu, Hebei Province, The PRC	位於中國河北省網通小區之一個住宅	No Commercial Value
488.	A Natural Gas Service Center located at Nos. 9-11 Huizhan Avenue Renqiu City, Heibei Province, The PRC	位於中國河北省任丘市會戰道9-11號之一個天然氣服務大廳	No Commercial Value
489.	A Gas Filling Station located at Daguozhuang Village South, Xinglonggong Town, Wen'an County, Hebei Province, The PRC	位於中國河北省文安縣興隆宮鎮大郭莊村南之一個加氣站	No Commercial Value
		Sub-total:	Nil

Group IX – Property leased by the Group in Hong Kong

490.	Rooms 3907-3910, 39th Floor, No. 118 Connaught Road West, Sheung Wan, Hong Kong		No Commercial Value
		Sub-total:	Nil

No.	Property	Market Value in existing state as at 31 December 2010 *RMB*
Group X – Properties leased by the Group in overseas countries		
491.	No. 59/15 Baromtrailokenart 2 Road, Nai Muang Sub-District, Muang Phitsanulok District, Phitsanulok Province, Thailand	No Commercial Value
492.	Unit No. 193/94 (22C), 22nd Floor, Lake Rajada Office Complex, Nos. 193-195 Rajadapisek Road, Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand	No Commercial Value
493.	Suite 390, Crossroads Atrium Building, No. 13181 Crossroads Parkway North, City of Industry, Los Angeles, California, The USA	No Commercial Value
494.	A parcel of land located at Sapet, Piura District, Peru	No Commercial Value
495.	15th Floor, Edificio Platinum Plaza, Calle Dean Valdivia 148, San Isidro, Lima, Peru	No Commercial Value
496.	Suite 801, 8th Floor, Plaza Mutiara, Jl. Lingkar Mega Kuningan Kav. E.1-2 No. 1&2, Kawasan Mega Kuningan, Jakarta 12950, Indonesia	No Commercial Value
	Sub-total:	Nil
	Grand-total:	889,010,000

VALUATION CERTIFICATES

Group I – Properties held by the Target Group for owner-occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
1.	A Distribution Station located at Beicao Village, Jiazhuang Township, Shuocheng District, Shuozhou City, Shanxi Province, The PRC 位於中國山西省朔州市朔城區賈莊鄉北曹村之一個分輸站	The property comprises a land parcel with a site area of approximately 513.34 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63.38 sq.m. The land use rights of the property have been obtained.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shuo Guo Yong (97) Zi Di No. 0080, the land use rights of the property with a site area of approximately 513.34 sq.m. have been obtained by Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

2. Pursuant to a Building Ownership Certificate, Zi Di No. 00-011196, the building ownership rights of 2 buildings with a total GFA of approximately 63.38 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
2.	A Valve Station located at Daheizhuang Village, Yijing Town, Shenchi County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 神池縣 義井鎮 大黑莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 440 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 127 sq.m. The land use rights of the property have been obtained for operation use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shen Guo Yong (1997) Zi Di No. 2905001, the land use rights of the property with a site area of approximately 440 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for operation use.

2. Pursuant to a Building Ownership Certificate, 99 Fang Zi Di No. 35, the building ownership rights of 2 buildings with a GFA of approximately 82 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 45 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

3.	A Valve Station located at Qiandian Village, Gaojiacun Township, Xing County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 興縣 高家村鄉 前店村之 一個閥室	The property comprises a land parcel with a site area of approximately 5,799.94 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.9 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
4.	A Valve Station located at Dongguan Village, Chengguan Town, Xing County, Lvliang City, Shanxi Province, The PRC 位於中國山西省呂梁市興縣城關鎮東關村之一個閥室	The property comprises a land parcel with a site area of approximately 3,106.64 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
5.	A Valve Station located at Qujiagou Village, Aojiawan Township, Xing County, Lvliang City, Shanxi Province, The PRC 位於中國山西省呂梁市興縣奧家灣鄉曲家溝村之一個閥室	The property comprises a land parcel with a site area of approximately 1,599.98 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 185.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
6.	A Valve Station located at Jingwa Village, Jiehekou Township, Lan County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 嵐縣 界河口鄉 井窪村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,599.97 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
7.	A Valve Station located at Liyuan Village, Dashetou Township, Lan County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 嵐縣 大蛇頭鄉 梨園村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,853.3 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
8.	A Valve Station located at Wangduanzhuang Village, Echeng Town, Jingle County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 靜樂縣 鵝城鎮 王端莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,799.98 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
9.	A Valve Station located at Niangzishen Village, Niangzishen Township, Jingle County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 靜樂縣 娘子神鄉 娘子神村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,466.65 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 500 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
10.	A Valve Station located at Xinkailing Village, Kangjiahui Township, Jingle County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 靜樂縣 康家會鄉 新開嶺村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,259.65 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 450 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
11.	A Valve Station located at Yukou Village, Sanjiao Town, Xinfu District, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 忻府區 三交鎮 峪口村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,320.32 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 464 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
12.	A Valve Station located at Fengcun Village, Zhuangmo Town, Xinfu District, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 忻府區 莊磨鎮 馮村之 一個閥室	The property comprises a land parcel with a site area of approximately 3,232.97 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 457 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
13.	A Valve Station located at Donglingjing Village, Donglingjing Township, Yangqu County, Taiyuan City, Shanxi Province, The PRC 位於中國山西省 太原市 陽曲縣 東淩井鄉 東淩井村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,766.65 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
14.	A Valve Station located at Lujiayukou Village, Nanlou Township, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣南樓鄉路家峪口村之一個閥室	The property comprises a land parcel with a site area of approximately 1,993.31 sq.m. and 2 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
15.	A Valve Station located at Jiaokou Village, Xianren Township, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣仙人鄉交口村之一個閥室	The property comprises a land parcel with a site area of approximately 3,566.64 sq.m. and certain buildings and ancillary structures completed in various stages between 2006 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 509.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
16.	A Valve Station located at Xinzhuang Village, Dongliang Township, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣東梁鄉辛莊村之一個閥室	The property comprises a land parcel with a site area of approximately 2,760.31 sq.m. and certain buildings and ancillary structures completed in various stages between 2006 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 440.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
17.	A Valve Station located at Haojiazhai Village, Dongfangcheng Township, Hunyuan County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 渾源縣 東坊城鄉 郝家寨村之 一個閥室	The property comprises a land parcel with a site area of approximately 306 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 66.26 sq.m. The land use rights of the property have been obtained for natural gas valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hun Guo Yong (1997) Zi Di No. 142503002, the land use rights of the property with a site area of approximately 306 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for natural gas valve station use.

2. Pursuant to a Building Ownership Certificate, Zi Di No.10, the building ownership rights of a building with a GFA of approximately 45.26 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 21 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
18.	A Valve Station located at Changchailing Village, Dongfangcheng Township, Hunyuan County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 渾源縣 東坊城鄉 常柴嶺村之 一個閥室	The property comprises a land parcel with a site area of approximately 567 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1997 and 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 138.7 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hun Guo Yong (1997) Zi Di No. 14250308001, the land use rights of the property with a site area of approximately 567 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Zi Di No. 9, the building ownership rights of 3 buildings with a total GFA of approximately 138.7 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
19.	A Valve Station located at Shuangzhai Village, Heigeta Township, Shanyin County, Shuozhou City, Shanxi Province, The PRC 位於中國山西省朔州市山陰縣黑圪塔鄉雙寨村之一個閥室	The property comprises a land parcel with a site area of approximately 767 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1997 and 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 173.5 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shan Guo Yong (97) Zi Di No. 00001 dated 12 October 1997, the land use rights of the property with a site area of approximately 767 sq.m. have been obtained by Shaanxi-Beijing Pipeline Shuangzhai Value Station（陝京輸氣管道雙寨閥室）("Shuangzhai Value Station") for valve station use.

2. Pursuant to a Building Ownership Certificate, Zi Di No. 990363, the building ownership rights of 2 buildings with a total GFA of approximately 138.77 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd).

3. For the remaining building with a GFA of approximately 34.73 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
20.	A Valve Station located at Juyangtuo Village, Luoshuihe Township, Lingqiu County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 靈丘縣 落水河鄉 巨羊駝村之 一個閥室	The property comprises a land parcel with a site area of approximately 205 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 88.01 sq.m. The land use rights of the property have been obtained for gas transmission use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ling Guo Yong (97) Zi Di No. 97057 dated 29 October 1997, the land use rights of the property with a site area of approximately 205 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for gas transmission use.

2. Pursuant to a Building Ownership Certificate, Ling Fang Quan Zheng Luo Zi Di No. 010000106, the building ownership rights of a building with a GFA of approximately 45.26 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 42.75 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

21.	A Gas Distribution Station located at Qianzhuang Village, Lancheng Town, Lan County, Lvliang County, Shanxi Province, The PRC 位於中國山西省 呂梁市 嵐縣 嵐城鎮 前莊村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 10,266.56 sq.m. and 3 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 943 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
22.	A Gas Distribution Station located at Gaojiazhuang Village, Wuling Town, Lingqiu County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 靈丘縣 武靈鎮 高家莊村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 2,421 sq.m. and 15 buildings and various ancillary structures completed in various stages between 1998 and 2008 erected thereon. The total gross floor area ("GFA") of the property is approximately 2,832.3 sq.m. The land use rights of the property have been obtained for gas trasmission use.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ling Guo Yong (97) Zi Di No. 97059 dated 29 October 1997, the land use rights of the property with a site area of approximately 2,421 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company Shanxi Project Department (北京天然氣集輸公司山西項目部) for gas transmission use.

2. Pursuant to a Building Ownership Certificate, Ling Fang Quan Zheng Cheng Zi Di No. 010000107, the building ownership rights of a building with a GFA of approximately 125.12 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd.).

3. For the remaining 14 buildings with a total GFA of approximately 2,707.18 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
23.	A Valve Station located at Liujiapan Village, Yimen Town, Baode County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 保德縣 義門鎮 劉家畔村之 一個閥室	The property comprises a land parcel with a site area of approximately 619.09 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 136 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Bao Guo Yong (98) Zi Di No. 006 dated 1 April 1998, the land use rights of the property with a site area of approximately 619.09 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Fang Quan Zheng Bao Zi Di No. 00158, the building ownership rights of the 2 buildings with a total GFA of approximately 136 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
24.	A Valve Station located at Luozhuang Village, Dalinhe Township, Ying County, Shuozhou City, Shanxi Province, The PRC 位於中國山西省朔州市應縣大臨河鄉羅莊村之一個閥室	The property comprises a land parcel with a site area of approximately 342 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 100 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ying Guo Yong (1997) Zi Di No. 57 dated 26 September 1997, the land use rights of the property with a site area of approximately 342 sq.m. have been allocated to Shaanxi-Beijing Pipeline Luozhuang Value Station (陝京輸氣管道羅莊閥室) for valve station use.

2. Pursuant to a Building Ownership Certificate, Ying Fang Zi Di No. 02, the building ownership rights of a building with a GFA of approximately 45 sq.m., are legally owned by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

3. For the remaining buildings with a total GFA of approximately 55 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
25.	A Valve Station located at Zhangzigou Village, Hanjialou Township, Wuzhai County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 五寨縣 韓家樓鄉 丈子溝村之 一個閥室	The property comprises a land parcel with a site area of approximately 794 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 173.5 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Zhai Guo Yong (1997) Zi Di No. G060907 dated 3 September 1997, the land use rights of the property with a site area of approximately 794 sq.m. have been obtained by to Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, 99Zi Di No. A01515, the building ownership rights of 2 buildings with a total GFA of approximately 136 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 37.5 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
26.	A Valve Station located at Yangjiawa Village, The Eighth Pu Township, Lin County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 臨縣 第八堡鄉 楊家窪村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,320 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 363 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
27.	A Valve Station located at Liujiata Village, Leijiaqi Township, Lin County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 臨縣 雷家磧鄉 劉家塘村 一個閥室	The property comprises a land parcel with a site area of approximately 1,287 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 293 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
28.	A Valve Station located at Wujiaping Village, Lin County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 臨縣 武家坪村之 一個閥室	The property comprises a land parcel with a site area of approximately 780 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 303 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
29.	A Valve Station located at Dongnan Village, Donghui Township, Xing County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 興縣 東會鄉 東南村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,467 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 303 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
30.	A Valve Station located at Wangshi Village, Wangshi Township, Lan County, Lvliang City, Shanxi Province, The PRC 位於中國山西省呂梁市嵐縣王獅鄉王獅村之一個閥室	The property comprises a land parcel with a site area of approximately 940 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 286 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
31.	A Valve Station located at Xi Village, Dongcun Town, Lan County, Lvliang City, Shanxi Province, The PRC 位於中國山西省呂梁市嵐縣東村鎮西村之一個閥室	The property comprises a land parcel with a site area of approximately 947 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 266 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
32.	A Valve Station located at Shenyugou Village, Shenyugou Township, Jingle County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 靜樂縣 神峪溝鄉 神峪溝村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,200 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 266 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
33.	A Valve Station located at Donghanhu Village, Lingjingdian Township, Yangqu County, Taiyuan City, Shanxi Province, The PRC 位於中國山西省 太原市 陽曲縣 淩井店鄉 東漢湖村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,367 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 316 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
34.	A Valve Station located at Guantou Village, Nanlou Town, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣南婁鎮管頭村之一個閥室	The property comprises a land parcel with a site area of approximately 1,113 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 303 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
35.	A Valve Station located at Youdaogou Village, Xianren Township, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣仙人鄉又道溝村之一個閥室	The property comprises a land parcel with a site area of approximately 3,953.64 sq.m. and certain buildings and ancillary structures completed in various stages between 2006 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 366 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
36.	A Valve Station located at Mengbei Village, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省 陽泉市 盂縣 孟北村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,387 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 363 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
37.	A Compressor Station located at the south of Baiwen Town, Lin County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 臨縣 白文鎮南之 一個壓氣站	The property comprises a land parcel with a site area of approximately 40,200 sq.m. and 8 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 500 sq.m.	The property is occupied by the Target Group as a compressor station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
38.	A Valve Station located at Nantianwa Village, Shaquan Township, Hequ County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 河曲縣 沙泉鄉 南天洼村之 一個閥室	The property comprises a land parcel with a site area of approximately 244.37 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 112 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Nong Guo Yong (97) Zi Di No. 0869 dated 6 November 1997, the land use rights of the property with a site area of approximately 244.37 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Fang Quan Zheng He Zi Di No. 00000001, the building ownership rights of a building with a GFA of approximately 45 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 67 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
39.	An office complex located at the western side of Dayun Road, Shifu West Street, Shuozhou City, Shanxi Province, The PRC 位於中國山西省朔州市市府西街大運路西側之一個辦公區	The property comprises a land parcel with a site area of approximately 8,853.5 sq.m. and 8 buildings completed in 1997 erected thereon. The total gross floor area ("GFA") of the property is approximately 3,187.93 sq.m. The land use rights of the property have been obtained with a term of 50 years for office use.	The property is occupied by the Target Group for office and ancillary purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shuo Guo Yong (95) Zi Di No. 0011 dated 14 November 1995, the land use rights of the property with a site area of approximately 8,853.5 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) with a term of 50 years for office use.

2. Pursuant to a Building Ownership Certificate, Zi Di No. 00-011190, the building ownership rights of the property with a total GFA of approximately 3,187.93 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
40.	A Repairing Center located at Shi Fu West Road, Shuozhou City, Shanxi Province, The PRC 位於中國山西省朔州市市府西街之一個維修中心	The property comprises a land parcel with a site area of approximately 6,638.417 sq.m. and 5 buildings and various ancillary structures completed in various stages between 1999 and 2003 erected thereon. The total gross floor area ("GFA") of the property is approximately 9,088.4 sq.m. The land use rights of the property have been granted for a term expiring in November 2051 for repair center use.	The property is occupied by the Target Group for repair center purpose.	900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shuo Guo Yong (2001) Zi Di No. 032 dated 26 November 2001, the land use rights of the property with a site area of approximately 6,638.417 sq.m. have been granted to Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for repair center use.

2. For the buildings with a total GFA of approximately 9,088.4 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
41.	A Valve Station located at Xihui Village, Wangzhuangpu Town, Hunyuan County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 渾源縣 王莊堡鎮 西會村之 一個閥室	The property comprises a land parcel with a site area of approximately 400 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 69.26 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hun Guo Yong (1997) Zi Di No. 142522001 dated 21 December 1997, the land use rights of the property with a site area of approximately 400 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Hun Fang Quan Zheng Zi (99) Di No. 8, the building ownership rights of a building with a GFA of approximately 45.26 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 24 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
42.	A Pigging Station located at Wenling Village, Longquan Town, Shenchi County, Xinzhou City, Shanxi Province, The PRC 位於中國山西省 忻州市 神池縣 龍泉鎮 溫嶺村之 一個清管站	The property comprises a land parcel with a site area of approximately 3,868.6 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The gross floor area ("GFA") of the property is approximately 152 sq.m. The land use rights of the property have been granted for a term expiring on 2 September 2049 for industrial use.	The property is occupied by the Target Group as a pigging station.	500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shen Wen Yao Guo Yong (1999) Zi Di No. 290202001 dated 7 September 1999, the land use rights of the property with a site area of approximately 3,868,6 sq.m. have been granted to Beijing Natural Gas Gathering & Transmission Company Shanxi Project Department（北京天然氣集輸公司山西項目部） ("Shanxi Department") for industrial use.

2. For the buildings of the property with a total GFA of approximately 152 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

43.	A Compressor Station located at Zhangjiageguo Village, Caijiaya Township, Xing County, Lvliang City, Shanxi Province, The PRC 位於中國山西省 呂梁市 興縣 蔡家崖鄉 張家圪堝村之 一個壓氣站	The property comprises a land parcel with a site area of approximately 9,733.24 sq.m. and 8 buildings and various ancillary structures completed in various stages between 2005 and 2007 erected thereon. The total gross floor area ("GFA") of the property is approximately 7,120 sq.m.	The property is occupied by the Target Group as a compressor station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
44.	A Compressor Station located at the northern side of Mapotou Village, Yangqu County, Taiyuan City, Shanxi Province, The PRC 位於中國山西省 太原市 陽曲縣 馬坡頭北之 一個壓氣站	The property comprises a land parcel with a site area of approximately 56,799.43 sq.m. and 5 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 4,536 sq.m.	The property is occupied by the Target Group as a compressor station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
45.	A Pigging & Compressor Station located at Beicaoshan Village, Nanhezhong Town, Ying County, Shuozhou City, Shanxi Province, The PRC 位於中國山西省 朔州市 應縣 河種鎮 北曹山村之 一個清管壓氣站	The property comprises 2 land parcels with a total site area of approximately 23,684 sq.m. and 14 buildings and various ancillary structures completed in various stages between 1998 and 2003 erected thereon. The total gross floor area ("GFA") of the property is approximately 3,343 sq.m.	The property is occupied by the Target Group as a pigging and compressor station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ying Guo Yong (97) Zi Di No. 56 dated 26 September 1997, the land use rights of a land parcel of the property with a site area of approximately 2,230 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. For the remaining land parcel of the property with a site area of approximately 21,454 sq.m., we have not been provided with any title certificates.

3. Pursuant to a Building Ownership Certificate, Ying Fang Zi Di No. 01, the building ownership rights of a building with a GFA of approximately 81 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

4. For the remaining buildings with a total GFA of approximately 3,262 sq.m., we have not been provided with any title certificates.

5. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property stated in Note 1 is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
46.	A Distribution Station located at Xichengwu Village, Xiushui Town, Yu County, Yangquan City, Shanxi Province, The PRC 位於中國山西省陽泉市盂縣秀水鎮西城武村之一個分輸站	The property comprises a land parcel with a site area of approximately 9,266.57 sq.m. and 4 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 1,168 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
47.	A Valve Station located at Juyangtuo Village, Luoshuihe Township, Lingqiu County, Datong City, Shanxi Province, The PRC 位於中國山西省大同市靈丘縣落水河鄉巨羊駝村之一個閥室	The property comprises a land parcel with a site area of approximately 205 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 89.26 sq.m. The land use rights of the property have been obtained for gas transmission use.	The property is occupied by the Target Group as a valve station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ling Guo Yong (97) Zi Di No. 97058 dated 29 October 1997, the land use rights of the property with a site area of approximately 205 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for gas transmission use.

2. Pursuant to a Building Ownership Certificate, Ling Fang Quan Zheng Luo Zi Di No. 010000109, the building ownership rights of a building with a GFA of approximately 45.26 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining 2 buildings with a total GFA of approximately 44 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
48.	A Valve Station located at Zhongzhuang Village, Qianfoling Town, Hunyuan County, Datong City, Shanxi Province, The PRC 位於中國山西省 大同市 渾源縣 千佛嶺鎮 中莊鋪村之 一個閥室	The property comprises a land parcel with a site area of approximately 205 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 102.76 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hun Guo Yong (1997) Zi Di No. 14252001001 dated 3 December 1997, the land use rights of the property with a site area of approximately 205 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Hun Fang Quan Zheng Zi (99) Di No. 7, the building ownership rights of a building with a GFA of approximately 45.26 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining 2 buildings with a total GFA of approximately 57.5 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

49.	A Valve Station located at Zhangjiata Village, Taihezhai Township, Shenmu County, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 神木縣 太和寨鄉 張家塔村之 一個閥室	The property comprises a land parcel with a site area of approximately 3,953 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 283 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
50.	An office building located at Malianghuang Town, Yuyang District, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 榆陽區 麻梁黃鎮之一幢辦公樓	The property comprises a 2-storey building completed in 2010. The gross floor area ("GFA") of the building is approximately 323.95 sq.m.	The property is occupied by the Target Group for office purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
51.	A CNG Distribution Station located at Hujiahuochang Village, Jingbian County, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 靖邊縣 胡傢伙場村之 一個壓縮天然氣分輸站	The property comprises a land parcel with a site area of approximately 12,915 sq.m. and 4 buildings and various ancillary structures completed in 1999 erected thereon. The total gross floor area ("GFA") of the property is approximately 790 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jing Guo Yong (1997) Zi Di No. 0026, dated 12 November 1999, the land use rights of the property with a site area of approximately 12,915 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Jing Bian Fang Chan Zhang Pan Zi Di No. 00014, the building ownership rights of the 4 buildings with a total GFA of approximately 790 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
52.	An office building located at Hongshiqiao Township, Yuyang District, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 榆陽區 紅石橋鄉之一幢辦公樓	The property comprises an office building completed in 2010. The gross floor area ("GFA") of the building is approximately 323.95 sq.m.	The property is occupied by the Target Group for office purpose.	No Commercial Valuee
53.	An office complex located at No. 9 Shangjun South Road, Yuyang District, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 榆陽區 上郡南路9號之 一個辦公區	The property comprises a land parcel with a site area of approximately 7,955.16 sq.m. and 8 buildings completed in 1997 erected thereon. The total gross floor area ("GFA") of the property is approximately 3,495.81 sq.m. The land use rights of the property have been obtained for government use.	The property is occupied by the Target Group for office, storage, garage and ancillary uses.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yu Shi Guo Yong (97) Zi Di No. 20857, the land use rights of the property with a site area of approximately 7,955.16 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company Shaanxi Project Department（北京天然氣集輸公司陝西項目部） for government use.

2. Pursuant to a Building Ownership Certificate, the building ownership rights of the 8 buildings with a total GFA of approximately 3,495.81 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
54.	A Valve Station located at Yongzhong Village, Jinjie Town Hengshan County, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 橫山縣 錦界鎮 永忠村之 一個閥室	The property comprises a land parcel with a site area of approximately 629.5 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 141.2 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Heng Guo Yong (1997) Zi Di No. 2460 dated 3 November 1997, the land use rights of the property with a site area of approximately 629.5 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Heng Fang Quan Zheng (99) Zi Di No. 0023, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 96.1 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land; and

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

55.	A Valve Station located at Qiaocha Village, Qiaochatan Township, Shenmu County, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 神木縣 喬岔灘鄉 喬岔村之 一個閥室	The property comprises a land parcel with a site area of approximately 6,099.94 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 283 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
56.	A Valve Station located at Huangtumiao Village, Jinjie Town, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 錦界鎮 黃土廟村之 一個閥室	The property comprises 2 land parcels with a total site area of approximately 379.825 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1998 and 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 100.1 sq.m. The land use rights of the property have been obtained for pipeline facilities purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Shen Guo Yong (1997) Zi Di No. 04817 and Shen Guo Yong (1997) Zi Di No. 04821, the land use rights of the property with a total site area of approximately 379.825 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline facilities purpose.

2. Pursuant to a Building Ownership Certificate, Shen Fang Zheng (99) Zi Di No. 0224, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 55 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land; and

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
57.	A Valve Station located at Dabaliang Village, Dabaodang Town, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 大保當鎮 打壩梁村之 一個閥室	The property comprises 2 land parcels with a total site area of approximately 666.83 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158 sq.m. The land use rights of the property have been obtained for pipeline facilities and public facilities uses respectively.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Shen Guo Yong (1997) Zi Di No. 04815 and Shen Guo Yong (1997) Zi Di No. 04820, the land use rights of the property with a total site area of approximately 666.83 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline facilities and public facilities uses respectively.

2. Pursuant to a Building Ownership Certificate, Shen Fang Zheng (99) Zi Di No. 0225, the building ownership rights of 2 buildings with a total GFA of approximately 140.2 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 17.8 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land; and

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
58.	A Valve Station located at Huangjialiang Village, Xinmin Town, Fugu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 府穀縣 新民鎮 黃家梁村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,116 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 172 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Fu Guo Yong (1997) Zi Di No. 003 dated 6 November 1997, the land use rights of the property with a site area of approximately 1,116 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Fu Gu Fang Quan Zheng Guo Qi Fang Chan Zi Di No. 00197, the building ownership rights of the 2 buildings with a total GFA of approximately 136 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 36 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land; and

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
59.	A Valve Station located at Lijiawa Village, Gushan Town Fugu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 府穀縣 孤山鎮 李家窪村之 一個閥室	The property comprises a land parcel with a site area of approximately 416 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1997 and 2002 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 103 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Fu Guo Yong (1997) Zi Di No. 001 dated 6 December 1997, the land use rights of the property with a site area of approximately 416 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Fu Gu Fang Quan Zheng Guo Qi Fang Chan Zi Di No. 00196, the building ownership rights of a building with a GFA of approximately 45 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 58 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
60.	A Valve Station located at Naoniuhaize Village, Hongshiqiao Township, Yulin City, Shaanxi Province, the PRC 位於中國陝西省榆林市紅石橋鄉鬧牛海則村之一個閥室	The property comprises a land parcel and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 212 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
61.	A Valve Station located at Fangliang Village, Chengguan Town, Hengshan County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省榆林市橫山縣城關鎮房梁村之一個閥室	The property comprises a land parcel with a site area of approximately 1,338 sq.m. and 2 buildings and various ancillary structures completed in 1999 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 141.38 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Heng Guo Yong (97) Zi Di No. 2639 dated 3 November 1997, the land use rights of the property with a site area of approximately 1,338 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Heng Fang Chan Zheng (99) Zi Di No. 0024, the building ownership rights of a building with a GFA of approximately 93.38 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 48 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
62.	A land parcel and 3 buildings located at Zhaoshiyao Village, Fugu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 府穀縣 趙石堯村之 一塊土地及三棟建築物	The property comprises a land parcel with a site area of approximately 1,832.5 sq.m. and 3 buildings completed in 1999 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 502.33 sq.m. The land use rights of the property have been obtained for industrial use.	The property is occupied by the Target Group for industrial purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Fu Guo Yong (97) Zi Di No. 004 dated 17 November 1997, the land use rights of the property with a site area of approximately 1,832.5 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Fu Gu Fang Quan Zheng Guo Qi Fang Chen Zi Di No. 00195, the building ownership rights of 3 buildings with a total GFA of approximately 502.33 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
63.	A Valve Station located at Erdejing Village, Hongdunjie Township, Jingbian County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 靖邊縣 紅墩界鄉 爾德井村之 一個閥室	The property comprises a land parcel and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 185.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
64.	A Valve Station located at Shuiqingwan Village, Wudinghe Town, Uxin Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區鄂爾多斯市烏審旗無定河鎮水清灣村之一個閥室	The property comprises a land parcel with a site area of approximately 1,679.98 sq.m. and a building and various ancillary structures completed in 2005. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value
65.	A Valve Station located at Qiaojiamao Village, Balasu Town, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省榆林市榆陽區巴拉素鎮喬家峁村之一個閥室	The property comprises a land parcel with a site area of approximately 2,723 sq.m. and 2 buildings and various ancillary structures completed in 1997 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 100 sq.m. The land use rights of the property have been obtained for value station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yu Shi Zi Guo Yong (97) Zi Di No. 20859, the land use rights of the property with a site area of approximately 2,723 sq.m. have been allocated to Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for value station use.

2. Pursuant to a Building Ownership Certificate, the building ownership rights of a building with a GFA of approximately 72 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 28 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
66.	A Valve Station located at Dajieze Village, Huanggaojie Township, Jingbian County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 靖邊縣 黃蒿界鄉 大界則村之 一個閥室	The property comprises a land parcel with a site area of approximately 567.25 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 101.36 sq.m. The land use rights of the property have been allocated for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jing Guo Yong (1997) Zi Di No. 0025 dated 12 November 1997, the land use rights of the property with a site area of approximately 567.25 sq.m. have been allocated to Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. Pursuant to a Building Ownership Certificate, Jing Bian Fang Chan Zhang Pan Zi Di No. 00013, the building ownership rights of a building with a GFA of approximately 48.36 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 53 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
67.	A Valve Station located at Xieta Village, Shamao Town, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 沙峁鎮 斜塔村之 一個閥室	The property comprises a land parcel with a site area of approximately 6,099.94 sq.m. and 3 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 283 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value
68.	A land parcel and 3 buildings located at Mengjiagou Village, Shenmu Town, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 神木鎮 孟家溝村之 一塊土地及三棟建築物	The property comprises a land parcel with a site area of approximately 3,227 sq.m. and 3 buildings completed in various stages between 1998 and 1997 erected thereon. The total gross floor area ("GFA") of the property is approximately 185.86 sq.m. The land use rights of the property have been obtained for pipeline facilities use.	The property is occupied by the Target Group for pipeline facilities purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shen Guo Yong (1997) Zi Di No. 04818, dated 5 November 1997, the land use rights of the property with a site area of approximately 3,227 sq.m. have been obtained by to Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline facilities use.

2. Pursuant to a Building Ownership Certificate, Shen Fang Zheng (99) Zi Di No. 223, the building ownership rights of a building with a GFA of approximately 125.86 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 60 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
69.	A Repairing Center located at Mengjiagou Village, Shenmu Town, Shenmu County, Yulin City, Shaanxi Province, The PRC 位於中國陝西省 榆林市 神木縣 神木鎮 孟家溝村之 一個搶修中心	The property comprises a land parcel and 5 buildings and various ancillary structures completed in various stages between 2005 and 2006 erected thereon The total gross floor area ("GFA") of the buildings is approximately 2,485 sq.m.	The property is occupied by the Target Group as a repairing center.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
70.	A Valve Station located at Daqinghao Village, Xigou Office, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 西溝辦事處 大清豪村之 一個閥室	The property comprises 2 land parcels with a total site area of approximately 297 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 101.35 sq.m. The land use rights of the property have been obtained for pipeline facilities use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Shen Guo Yong (97) Zi Di No. 04816 dated 5 November 1997 and Shen Guo Yong (97) Zi Di No. 04814 dated 5 November 1997, the land use rights of the property with a total site area of approximately 297 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline facilities use.

2. Pursuant to a Building Ownership Certificate, Shen Fang Zheng (99) Zi Di No. 221, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 56.25 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
71.	A Valve Station located at Dianfanggou Village, Yongxing Office, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 永興辦事處 店房溝村之 一個閥室	The property comprises 2 land parcels with a total site area of approximately 293.33 sq.m. and 3 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 98.6 sq.m. The land use rights of the property have been obtained for pipeline facilities use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Shen Guo Yong (97) Zi Di No. 04812 dated 5 November 1997 and Shen Guo Yong (97) Zi Di No. 04813 dated 5 November 1997, the land use rights of the property with a total site area of approximately 293.33 sq.m. have been allocated to Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline facilities use.

2. Pursuant to a Building Ownership Certificate, Shen Fang Zheng (99) Zi Di No. 0222, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 53.5 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
72.	A Valve Station located at Shanghe Village, Jinjitan Town, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆陽區 金雞灘鎮 上河村之 一個閥室	The property comprises a land parcel with a site area of approximately 513 sq.m. and 3 buildings and various ancillary structures completed in various stages between 1997 and 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 68.85 sq.m. The land use rights of the property have been obtained for value station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yu Shi Guo Yong (97) Zi Di No. 20860, the land use rights of the property with a site area of approximately 513 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for value station use.

2. Pursuant to a Building Ownership Certificate, Yu Fang Zheng (99) Zi Di No. 8213, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 23.75 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
73.	A Valve Station located at Shuangshan Village, Mahuangliang Town, Yulin District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆林區 麻黃梁鎮 雙山村之 一個閥室	The property comprises a land parcel with a site area of approximately 5,973.27 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
74.	A Valve Station located at Chengdagedu Village, Niujialiang Town, Yulin District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆林區 牛家梁鎮 城大圪堵村之 一個閥室	The property comprises a land parcel with a site area of approximately 4,466.62 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 180.5 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
75.	A parcel of land located at Cheng District, Shenmu County, Shaanxi Province, the PRC 位於中國陝西省神木縣城區之一塊土地	The property comprises a land parcel with a site area of approximately 8,320 sq.m. The land use rights of the property have been obtained for public facilities purpose.	The property is occupied by the Target Group for public facilities purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shen Guo Yong (1997) Zi Di No. 04819, the land use rights of the property with a site area of approximately 8,320 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for public facilities purpose.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

76.	2 parcels of land, 10 buildings and various structures located at Shimiaoyan Village, Gaoshanya Township, Fugu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省榆林市府穀縣高山崖鄉石廟鄢村之兩塊土地，十棟建築物及多項構築物	The property comprises 2 land parcels with a total site area of approximately 20,033 sq.m. and 10 buildings and various ancillary structures completed in various stages between 1997 and 2003 erected thereon. The total gross floor area ("GFA") of the property is approximately 3,161.06 sq.m. The land use rights of portion of the property have been obtained for industrial purpose.	The property is occupied by the Target Group for industrial purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Fu Guo Yong (97) Zi Di No. 002, dated 6 November 1997, the land use rights of a land parcel of the property with a site area of approximately 2,752 sq.m. have been obtained by Beijing Nautural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial purpose.

2. Pursuant to a Building Ownership Certificate, Fu Gu Fang Chan Quan Zheng Guo Qi Fang Chan Zi Di No. 00198, the building ownership rights of a building with a GFA of approximately 122 sq.m. are legally owned by Beijing Nautural Gas Gathering & Transmission Company.

3. For the remaining buildings with a total GFA of approximately 3,039.06 sq.m. and the remaining land parcel, we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel stated in Note 1 of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the land parcel stated in Note 1 could not be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
77.	A Compressor Station located at Majiamao Village, Qinhe Township, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆陽區 芹河鄉 馬家峁村之 一個壓氣站	The property comprises a land parcel with a site area of approximately 32,667 sq.m. and 20 buildings and various ancillary structures completed in 1999 erected thereon. The total gross floor area ("GFA") of the property is approximately 14,793 sq.m.	The property is occupied by the Target Group as a gas compress station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
78.	A Valve Station located at Dujiawan Village, Qingyun Township, Yulin District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆林區 青雲鄉 杜家灣村之 一個閥室	The property comprises a land parcel with a site area of approximately 920 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
79.	A Valve Station located at Xiangjia Tower, Qiaochatan Township, Shenmu County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 神木縣 喬岔灘鄉 項家塔之 一個閥室	The property comprises a land parcel with a site area of approximately 1,186.65 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 283 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
80.	A Valve Station located at Yaowan Village, Wangjiabian Town, Jia County, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 佳縣 王家砭鎮 窑灣村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,107 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
81.	A Valve Station located at Liuqianhe Village, Liuqianhe Township, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆陽區 劉千河鄉 劉千河村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,420 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
82.	A Valve Station located at Leijiagua Village, Wangjiabian Town, Jia County, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 榆陽區 佳縣 王家砭鎮 雷家窪村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,287 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
83.	A Valve Station located at Shawan Village, Zhujiagua Township, Jia County, Yuyang District, Yulin City, Shaanxi Province, the PRC 位於中國陝西省 榆林市 佳縣 朱家坬鄉 沙灣村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,260 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
84.	A Well Site located at the north of Gangxing Street, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 港興街北之 一個井場	The property comprises a land parcel with a site area of approximately 65,256.9 sq.m. and 2 buildings and various ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 34 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Use Planning Permit (建設用地規劃許可證), Gang Gui Di Xu (2004) Di No. 041 issued by Tianjin City Dagang District Planning & Land Resources Bureau (天津市大港區規劃和國土資源局), Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) was permitted to develop the land parcel of the property.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
85.	A Well Site located at Jinyuan Road, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 金源路之 一個井場	The property comprises a land parcel with a site area of approximately 9,619 sq.m. and a building and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the building is approximately 26.41 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Use Planning Permit (建設用地規劃許可證), Gang Gui Di Xu (2004) Di No. 042 issued by Tianjin City Dagang District Planning & Land Resources Bureau (天津市大港區規劃和國土資源局), Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) was permitted to develop the land parcel of the property.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

86.	A Well Site located at the south of Gangxing Street, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 港興街南之 一個井場	The property comprises a land parcel with a site area of approximately 40,000.0309 sq.m. and a building and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the building is approximately 35 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Use Planning Permit (建設用地規劃許可證), Gang Gui Di Xu (2005) Di No. 004 issued by Tianjin City Dagang District Planning & Land Resources Bureau (天津市大港區規劃和國土資源局), Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) was permitted to develop the land parcel of the property.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
87.	A parcel of land and 3 buildings located at Dagang District, Tianjin, The PRC 位於中國 天津市 大港區之 一塊土地及三棟建築物	The property comprises a land parcel and 3 buildings completed in 2006 erected thereon.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value
88.	A Gas Distribution Station located at Ocean Petrochemical Technology Park Zone, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 海洋石化科技園區之 一個分輸站	The property comprises a land parcel with a site area of approximately 51,001 sq.m. and 13 buildings and various ancillary structures completed in various stages between 1998 and 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 2,700 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
89.	A parcel of land and 7 buildings located at Ocean Petrochemical Technology Park Zone, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 海洋石化科技園區之 一塊土地及七棟建築物	The property comprises a land parcel with a site area of approximately 133,320 sq.m. and 7 buildings completed in various stages between 2003 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 4,533.55 sq.m.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
90.	A parcel of land and 2 buildings located at Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 之一塊土地及兩棟建築物	The property comprises a land parcel with a site area of approximately 2,970 sq.m. and 2 buildings completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 2,098.58 sq.m.	The property is occupied by the Target Group as a water injection station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
91.	A parcel of land and 3 buildings located at Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 之一塊土地及三棟建築物	The property comprises a land parcel with a site area of approximately 12,000 sq.m. and 3 buildings completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 150 sq.m.	The property is occupied by the Target Group as a dehydration station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
92.	A parcel of land, 7 buildings and various structures located at the southern side of No. 16 station Dagang Oilfield, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 大港油田 16站以南 之一塊土地，七棟建築物及 多項構築物	The property comprises a land parcel with a site area of approximately 22,131 sq.m. and 7 buildings and various ancillary structures completed in various stages between 2002 and 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,073 sq.m.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
93.	A parcel of land, a building and various structures located at Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 之一塊土地，一棟建築物及多 項構築物	The property comprises a land parcel and a building and various ancillary structures completed in 2006 erected thereon. The gross floor area ("GFA") of the building is approximately 30 sq.m.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
94.	A Well Site located at the southern side of Dadiduliujian River, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 大堤獨流減河以南之 一個井場	The property comprises 2 land parcels with a total site area of approximately 7,000 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
95.	A parcel of land, 14 buildings and various structures located at the southern side of Datiduliujian River, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 大堤獨流減河以南之 一塊土地，十四棟建築物及 多項構築物	The property comprises a land parcel with a site area of approximately 27,583 sq.m. and 14 buildings and various ancillary structures completed in various stages between 1994 and 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 3,174.82 sq.m.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
96.	2 parcels of land and certain buildings located at the eastern side of Kaixuan Street, Dagang District, Tianjin, The PRC 位於中國 天津市 大港區 凱旋街東之 之兩塊土地及數棟建築物	The property comprises 2 land parcels with a total site area of approximately 102,830 sq.m. and certain buildings completed in various stages between 1994 and 2003 erected thereon.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value

Notes:

1. Pursuant to 2 Construction Land Use Planning Permits (建設用地規劃許可證), Gang Gui Di Xu (2004) Di No. 043 dated 18 June 2004 and Gang Gui Di Xu (2005) Di No. 005 dated 24 January 2005 issued by Tianjin City Dagang District Planning & Land Resources Bureau (天津市大港區規劃和國土資源局), Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) was permitted to develop the land parcels of the property.

2. We have not been provided with the land use rights certificates. Thus, the details of the land use rights for the property are uncertain.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
97.	A Valve Station located at the eastern side of Caiwan Road, Caiyu Town, Daxing District, Beijing, The PRC 位於中國北京市大興區采育鎮採萬路東之一個閥室	The property comprises a land parcel with a site area of approximately 2,106 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
98.	A Valve Station located at Su Village, Doudian Town, Fangshan District, Beijing, The PRC 位於中國北京市房山區窦店鎮蘇村之一個閥室	The property comprises a land parcel with a site area of approximately 1,067.81 sq.m. and 2 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
99.	A Valve Station located at Langxi Village, Xiji Town, Tongzhou District, Beijing, The PRC 位於中國北京通州區西集鎮廊西村之一個閥室	The property comprises a land parcel with a site area of approximately 1,143.79 sq.m. and 2 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

100.	A hotel located at No. 8 Beichen Road, Chaoyang District, Beijing, The PRC 位於中國北京市朝陽區北辰東路8號之一幢酒店	The property comprises a 13-storey hotel building (plus 2-storey basement) completed in 1989. The gross floor area ("GFA") of the property is approximately 5,534.19 sq.m.	The property is occupied by the Target Group as a hotel.	132,800,000

Notes:

1. Pursuant to a Building Ownership Certificate, Jing Fang Quan Zheng Shi Chao Qi Zi Di No. 0090766, the building ownership rights of the property with a GFA of approximately 5,534.19 sq.m. are legally owned by Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The land use rights and building ownership rights of the property have been obtained and the property can be transferred, leased and mortgaged.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
101.	An office building located at No. 118 Huizhonglijia, Chaoyang District, Beijing, The PRC 位於中國北京市朝陽區慧忠里甲118號之一幢辦公大樓	The property comprises a land parcel with a site area of approximately 1,997.27 sq.m. and a 4-storey office building (plus a basement level) completed in 1997 erected thereon. The gross floor area ("GFA") of the property is approximately 4,853.04 sq.m. The land use rights of the property have been allocated for public facilities use.	The property is occupied by the Target Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jing Chao Guo Yong (2004 Hua) Zi Di No.0315, the land use rights of the property with a site area of approximately 1,997.27 sq.m. have been allocated to Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for public facilities use.

2. Pursuant to a Building Ownership Certificate, Jing Fang Quan Zheng Chao Qi 04 Zi Di No. 00744, the building ownership rights of the property with a GFA of approximately 4,853.04 sq.m. are legally owned by Beijing Huayou Natural Gas Company Limited.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

102.	A Gas Filling Station located at No. 30 Yamenkou Village, Shijingshan District, Beijing, The PRC 位於中國北京市石景山區衙門口村臨30號之一個加氣站	The property comprises a land parcel and 8 buildings and various ancillary structures completed in various stages between 2001 and 2007 erected thereon. The gross floor area ("GFA") of the property is approximately 1,204.38 sq.m.	The property is occupied by the Target Group for gas filling station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
103.	A Gas Distribution Station located at Development Zone, Caiyu Town, Daxing District, Beijing, The PRC 位於中國北京市大興區采育鎮開發區之一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 48,535 sq.m. and 3 buildings and various ancillary structures completed in 2005. The gross floor area ("GFA") of the property is approximately 1,214 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
104.	A Valve Station located at Chaomidian Village, Yancun Town, Fangshan District, Beijing, The PRC 位於中國北京房山區閻村鎮炒米店村之一個閥室	The property comprises a land parcel with a site area of approximately 305 sq.m. and a building and various ancillary structures completed in 1998 erected thereon. The gross floor area ("GFA") of the building is approximately 45 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
105.	An office building located at No. 9 Da Tun Road, Chaoyang District, Beijing, The PRC 位於中國北京市朝陽區大屯路9號之一幢辦公大樓	The property comprises a land parcel with a site area of approximately 3,887.99 sq.m. and an 8-storey office building (plus a basement level) completed in 2006 erected thereon. The gross floor area ("GFA") of the property is approximately 13,920.65 sq.m. The land use rights of the property have been granted for a term expiring on 29 December 2051 for office use.	The property is occupied by the Target Group for office purpose.	278,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jing Chao Guo Yong (2002 Chu) Di No.0237 dated 17 May 2006, the land use rights of the property with a site area of approximately 3,887.99 sq.m. have been granted to Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for a term expiring on 29 December 2051 for office use.

2. Pursuant to a Building Ownership Certificate, Jing Fang Quan Zheng Chao Qi 06 Zi Di No. 001631, the building ownership rights of the property with a GFA of approximately 13,920.65 sq.m. are legally owned by Beijing Huayou Natural Gas Company Limited.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The building of the property with building ownership certificates can be used, transferred, leased and mortgaged.

106.	Units 1306, 1307, 1406, 1407, 1506, 1507, 1606, 1607, 1706 and 1707, Building No. 101, Huizhongli, Chaoyang District, Beijing, The PRC 位於中國北京市朝陽區慧忠里101號樓1306, 1307, 1406, 1407, 1506, 1507, 1606, 1607, 1706 及 1707室	The property comprises 10 residential units of a 26-storey residential building completed in 1999. The total gross floor area ("GFA") of the property is approximately 1,130 sq.m.	The property is occupied by the Target Group for staff quarter purpose.	No Commercial Value

Notes:

1. We have not been provided with the land use rights certificates. Thus, the details of the land use rights for the property are uncertain.

2. Pursuant to a Beijing City Commodity Real Estate Pre-Sale Deed (北京市內銷商品房預售契約) entered into between Beijing Jiaye Housing Company Limited (北京嘉業住房股份有限公司) and Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) dated 29 June 1999, the earlier agreed to transfer the property to the latter.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
107.	A residential unit of Building No. 204 located at No. 204 Huizhongli, Chaoyang District, Beijing, The PRC 位於中國北京市朝陽區慧忠里204號樓之一個住宅單位	The property comprises a unit on Level 1 of a 6-storey residential building completed in 1998. The gross floor area ("GFA") of the property is approximately 473.56 sq.m.	The property is occupied by the Target Group as staff quarters.	12,300,000

Notes:

1. We have not been provided with the land use rights certificates. Thus, the details of the land use rights for the property are uncertain.

2. Pursuant to a Building Ownership Certificate, Jing Fang Quan Zheng Chao Qi 02 Zi Di No. 00340, the building ownership rights of the property with a GFA of approximately 473.56 sq.m. are legally owned by Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The land use rights and building ownership rights of the property have been obtained and the property can be transferred, leased and mortgaged.

108.	A land parcel and 3 buildings located at the western side of Guohuai Street, Liangxiang Town, Fangshan District, Beijing, The PRC 位於中國北京市房山區良鄉鎮國槐街西側之一塊土地及三棟建築物	The property comprises a land parcel with a site area of approximately 8,000 sq.m. and 3 buildings completed in 2002 erected thereon. The total gross floor area ("GFA") of the property is approximately 2,691.5 sq.m. The land use rights of the property have been granted for a term expiring on 19 December 2049 for industrial use.	The property is occupied by the Target Group for industrial purpose.	600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jing Fang Guo Yong (2002) Zi Di No.436 dated 26 December 2000, the land use rights of the property with a site area of approximately 8,000 sq.m. have been granted to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use for a term expiring on 19 December 2049.

2. In the valuation of this property, we have attributed no commercial value to the buildings as relevant title certificates of the buildings have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
109.	A Valve Station located at Liuminying Village, Zhangziying Town, Tongzhou District, Beijing, The PRC 位於中國北京市 通州區 長子營鎮 留民營村 一個閥室	The property comprises a land parcel with a site area of approximately 358 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1999 and 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 54 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
110.	A Gas Distribution Station located at the western side of Jiyang Village, Shilou Town, Fangshan District, Beijing, The PRC 位於中國北京市 房山區 石樓鎮 吉羊村西之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 11,094 sq.m. and 6 buildings and various ancillary structures completed in various stages between 1997 and 1998 erected thereon. The gross floor area ("GFA") of the property is approximately 1,168.87 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
111.	A Valve Station located at Lvcun Village, Liulihe Town, Fangshan District, Beijing, The PRC 位於中國北京房山區琉璃河鎮呂村之一個閥室	The property comprises a land parcel with a site area of approximately 315 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
112.	A Valve Station located at Jiuzhou 3rd Village, Jiuzhou Town, Guangyang District, Langfang City, Hebei Province, The PRC 位於中國河北省廊坊市廣陽區舊州鎮舊州三村之一個閥室	The property comprises a land parcel with a site area of approximately 940.38 sq.m. and 2 buildings and various ancillary structures completed in 1998. The total gross floor area ("GFA") of the buildings is approximately 54 sq.m. The land use rights of the property have been allocated for industrial use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Guang Guo Yong (2001) Zi Di No. 0007, the land use rights of the property with a site area of approximately 940.38 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industrial use.

2. For the 2 buildings of the property with a total GFA of approximately 54 sq.m., we have not been provided with any title documents.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of the land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
113.	A CNG Gate Station located at Yamenkou Village, Shijingshan District, Beijing, The PRC 位於中國北京市石景山區衙門口村之一個壓縮天然氣門站	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 9,200 sq.m. and 3 buildings and various ancillary structures completed in about 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 572 sq.m.	The property is occupied by the Target Group as a CNG gate station.	No Commercial Value

Notes:

1. Pursuant to a Sate-owned Land Use Rights Certificate, Shi Quan Guo Yong (99) Zi Di No. 00084, the land use rights of Land Parcel I of the property with a site area of approximately 400 sq.m. have been obtained by Beijing Natural Gas Gathering & Transmission Company（北京集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for industried use.

2. For Land Parcel II of the property with a site area of 8,800 sq.m. and the 3 buildings with a total GFA of 572 sq.m. erected thereon, we have not been provided with any title certificates.

3. In the valuation of the property, we have attributed no commercial value to the property as nature of the use rights of Land Parcel I of the property is uncertain and relevant title certificates of Land Parcel II have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, Land Parcel I of the property is not subject to mortgages or any other material encumbrances; and

   b. As advised by the Group, nature of the land use rights of the land parcel stated in Note 1 is allocated land. The title documents of Land Parcel II have not been provided, thus the rights to use and occupy Land Parcel II cannot be ascertained.

   c. The land use rights of the land parcel stated in Note 1 cannot be transferred, leased and mortgaged as the nature of land use rights of the land parcel is allocated land.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
114.	Units 401 and 402, Building No. 1, Qixingyuan, Lugu South Road, Shijingshan District, Beijing, The PRC 位於中國北京市 石景山區 魯谷南路 七星園1號樓401及402室	The property comprises 2 residential units on Level 4 of a 6-storey residential building completed in 1995. The total gross floor area ("GFA") of the property is approximately 137.66 sq.m.	The property is occupied by the Target Group for staff quarter purpose.	2,800,000

Notes:

1. We have not been provided with the land use rights certificates. Thus, the details of the land use rights for the property are uncertain.

2. Pursuant to a Building Ownership Certificate, Jing Fang Quan Zheng Shi Guo Zi Di No. 00311, the building ownership rights of the property with a total GFA of approximately 137.66 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The land use rights and building ownership rights of the property have been obtained and the property can be transferred, leased and mortgaged.

115.	A Gas Distribution Station located at the eastern side of Dongbao Village, Lucheng Road, Lucheng Town, Tongzhou District, Beijing, The PRC 位於中國北京市 通州區 潞城鎮 潞城中路 東堡村東之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 14,050 sq.m. and 2 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the property is approximately 132.25 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
116.	A Gas Distribution Station located at Ciqu Second Village, Ciqu Town, Tongzhou District, Beijing, The PRC 位於中國北京市 通州區 次渠鎮 次渠二村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 18,158 sq.m. and 4 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the property is approximately 881 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

117.	A Valve Station located at Huangxinzhuang Village, Liangxiang Town, Fangshan District, Beijing, The PRC 位於中國北京市 房山區 良鄉鎮 黃辛莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 365 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
118.	A Valve Station located at Jiaojianao Village, Xinzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 井陘縣 辛莊鄉 焦家塢村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,204 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
119.	A Valve Station located at Beijia Village, Zhengding Town, Zhengding County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 正定縣 正定鎮北賈村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,080 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
120.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 永清縣 辛務村之一個井場	The property comprises a land parcel with a site area of approximately 8,965.77 sq.m. and 2 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 34 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
121.	A Valve Station located at Huren Village, Xinzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 井陘縣 辛莊鄉胡仁村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,513 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
122.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省廊坊市永清縣辛務村之一個井場	The property comprises a land parcel with a site area of approximately 4,119.588 sq.m. and a building and various ancillary structures completed in 2006 erected thereon. The gross floor area ("GFA") of the building is approximately 20 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

123.	A Well Site located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省廊坊市永清縣辛務村之一個井場	The property comprises a land parcel with a site area of approximately 4,812.85 sq.m. and a building and various ancillary structures completed in 2006 erected thereon. The gross floor area ("GFA") of the building is approximately 20 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
124.	A Well Site located at Winwu Village, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 永清縣 辛務村之一個井場	The property comprises a land parcel with a site area of approximately 3,353 sq.m. and a building and various ancillary structures completed in 2006 erected thereon. The gross floor area ("GFA") of the building is approximately 17 sq.m.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
125.	A Gas Distribution Station located at the northern side of Cuilingxi Village, Anping County, Hebei Province, The PRC 位於中國河北省 安平縣 崔岭西北之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 79,886 sq.m. and 3 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 1,735 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion given by the PRC legal advisor to the Group is as follows:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
126.	A Valve Station & Gas Distribution Station located at Kangxianzhuang Village, Kangxianzhuang Township, Bazhou City, Hebei Province, The PRC 位於中國河北省 霸州市 康仙莊鄉 康仙莊村之 一個閥室和天然氣分輸站	The property comprises a land parcel with a site area of approximately 10,666.56 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 350 sq.m.	The property is occupied by the Target Group for gas distribution and valve station purposes.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
127.	A Valve Station located at Kulongfeng Village, Xiaozuo Town, Jingxing County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 井陘縣 小作鎮 庫隆峰村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,198 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion given by the PRC legal advisor to the Group is as follows:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
128.	A Valve Station located at Sunzhuang Village, Sunzhuang Township, Jingxing County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 井陘縣 孫莊鄉 孫莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,998 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 300 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
129.	A Valve Station located at Beiyang Village, Liucun Township, Shenze County, Hebei Province, The PRC 位於中國河北省 深澤縣 留村鄉 北羊村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,946.65 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
130.	A Valve Station located at Biandukou Village, Xiyan Town, Gaoyang County, Hebei Province, The PRC 位於中國河北省高陽縣西演鎮邊渡口村之一個閥室	The property comprises a land parcel with a site area of approximately 2,697.98 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion given by the PRC legal advisor to the Group is as follows:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
131.	A Valve Station located at Hongshanpu Village, Li County, Hebei Province, The PRC 位於中國河北省蠡縣洪善堡村之一個閥室	The property comprises a land parcel with a site area of approximately 740 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
132.	A Gas Storage Station located at Xinwu Village, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 永清縣 辛務村之儲氣庫	The property comprises a land parcel with a site area of approximately 31,070.266 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon.	The property is occupied by the Target Group for gas storage purpose.	No Commercial Value
133.	2 buildings located at No. 109 Guangming West Road, Anci District, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市安次區 光明西道109號 之兩幢大樓	The property comprises a land parcel with a site area of approximately 5,154.22 sq.m. and a 4-storey office building and a 2-storey office building completed in 1995 and 1999 erected thereon. The total gross floor area ("GFA") of the property is approximately 2,597.48 sq.m. The land use rights of the property have been granted for a term expiring on 30 November 2054 for composite use.	The property is occupied by the Target Group for office purpose.	23,000,000

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Lang Guo Yong (2008) Di No.02433 dated 14 October 2008, the land use rights of the property with a site area of approximately 5,154.22 sq.m. have been granted to Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for a term expiring on 30 November 2054 for composite use.

2. Pursuant to a Building Ownership Certificate, Lang Fang Quan Zheng Zi Di No. 200809622, the building ownership rights of the property with a total GFA of approximately 2,597.48 sq.m. are legally owned by Beijing Huayou Natural Gas Company Limited.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
134.	A Gas Distribution Station located at Beihuzhuang Village, Licun Town, Luquan City, Hebei Province, The PRC 位於中國河北省 鹿泉市 李村鎮 北胡莊村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 13,632 sq.m. and 4 buildings and various ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 1,135.65 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
135.	A Valve Station located at Nanfanzhuang Village, Liujie Township, Yongqing County, Hebei Province, The PRC 位於中國河北省 永清縣 劉街鄉 南笵莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,580 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
136.	A Valve Station located at Nanloudi Village, Nanloudi Township, Anguo City, Hebei Province, The PRC 位於中國河北省 安國市 南婁底鄉 南婁底村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,499.98 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

137.	A Valve Station located at Zhengnanzhuang Village, Baoxu Township, Li County, Hebei Province, The PRC 位於中國河北省 蠡縣 鮑墟鄉 正南莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 500 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
138.	A Valve Station located at Niushan Village, Yian Town, Luquan City, Hebei Province, The PRC 位於中國河北省 鹿泉市 宜安鎮 牛山村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,793 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 300 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
139.	A Distribution Valve Station located at Daxinzhuang Village, Chuan Town, Renqiu City, Hebei Province, The PRC 位於中國河北省 任丘市 出岸鎮 大辛莊村之 一個分輸閥室站	The property comprises a land parcel with a site area of approximately 1,153 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 463 sq.m.	The property is occupied by the Target Group as a distribution valve station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
140.	A Compressor Station located at Xiyao Village, Zengcun Town, Gaocheng City, Hebei Province, The PRC 位於中國河北省 藁城市 增村鎮 西姚村之 一個壓氣站	The property comprises a land parcel with a site area of approximately 43,889 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 4,970.7 sq.m.	The property is occupied by the Target Group as a gas compress station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

141.	A Valve Station located at Wuxing Village, Xinan Town, Zhengding County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 正定縣 新安鎮 吳興村之 一個閥室	The property comprises a land parcel and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 158.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
142.	A Valve Station located at Xibafang Village, Yucun Township, Renqiu City, Hebei Province, The PRC 位於中國河北省 任丘市 于村鄉 西八方村之 一個閥室	The property comprises a land parcel with a site area of approximately 627 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 300 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
143.	A Valve Station located at Xuegeda Village, Gaotou Township, Wenan County, Hebei Province, The PRC 位於中國河北省 文安縣 高頭鄉 薛疙瘩村之 一個閥室	The property comprises a land parcel with a site area of approximately 3,566.3 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 300 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
144.	A parcel of land, 4 buildings and various structures located at Dongma Village, Yongqing Town, Yongqing County, Langfang City, Hebei Province, The PRC 位於中國河北省 永清縣 永清鎮 東麻村之 一塊土地，四棟建築物及多項構築物	The property comprises a land parcel with a site area of approximately 13,026.67 sq.m. and 4 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 770.4 sq.m. The land use rights of the property have been allocated.	The property is occupied by the Target Group for industrial purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yong Qing Guo Yong (1998) Zi Di No. 007, the land use rights of the property with a site area of approximately 13,026.67 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

2. Pursuant to a Building Ownership Certificate,Yong Qing Xian Fang Quan Zheng Yong Qing Zhen Zi Di No. C043, the building ownership rights of the buildings with a total GFA of approximately 557.83 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

145.	A Well Site located at Xinwu Village, Yongqing County, Zangfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 永清縣 辛務村之一個井場	The property comprises a land parcel with a site area of approximately 5,886.078 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group as a well site.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
146.	A parcel of land, 2 buildings and various structures located at the northern side of Yangzhuang Village, Nanniu Township, Zhengding County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 正定縣 南牛鄉 楊莊村北之 一塊土地，兩棟建築物及多項 構築物	The property comprises a land parcel with a site area of approximately 5,886.078 sq.m. and 2 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 660 sq.m.	The property is occupied by the Target Group for industrial purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
147.	A Valve Station located at Zhoujia Zhuang Village, Lichengdao Township, Wuji County, Shijiazhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市 無極縣 里城道鄉 周家莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,426.98 sq.m. and certain buildings and ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 299.89 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
148.	A Valve Station located at Jushi Village, Yongyang Town, Laishui County, Baoding City, Hebei Province, The PRC 位於中國河北省保定市淶水縣永陽鎮居士村之一個閥室	The property comprises a land parcel with a site area of approximately 568 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 145 sq.m. The land use rights of the property have been allocated for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Lai Guo Yong (98) Zi Di No. 16 dated 9 March 1998, the land use rights of the property with a site area of approximately 568 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Lai Fang Quan Zi Di No. 00499, the building ownership rights of 2 buildings with a total GFA of approximately 145 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
149.	A Valve Station located at Lianchi Village, Qingliangsi Street, Zhuozhou City, Hebei Province, The PRC 位於中國河北省 涿州市 清涼寺街道 蓮池村之 一個閥室	The property comprises a land parcel with a site area of approximately 264.67 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1995 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been allocated for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Zhuo Guo Yong (2000) Zi Di No. 01-0003 dated 3 July 2000, the land use rights of the property with a site area of approximately 264.67 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Zhuo Fang Zhong Zi Di No. 132, the building ownership rights of a building with a GFA of approximately 50.41 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd).

3. For the remaining building with a GFA of approximately 12.59 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of the land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

   In the valuation of this property, we have attributed no commercial value to the property as relevant land use rights title certificates of the property have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

150.	A Valve Station located at No. 12 Village, Donggugang Town, Anci District, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市安次區 東沽港鎮十二號村之 一個閥室	The property comprises a land parcel with a site area of approximately 1,426 sq.m. and 3 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 135 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
151.	A Valve Station located at Dahanzhaisan Village, Donghongsi Township, Guan County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 固安縣 東紅寺鄉 大韓寨三村之 一個閥室	The property comprises a land parcel with a site area of approximately 694 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Gu Zi Guo Yong (1998) Zi Di No. 500002 dated 3 July 1998, the land use rights of the property with a site area of approximately 694 sq.m. have been obtained by Beijing Natural Gas Gathering & Transmission Company（北京天然氣集輸公司）(now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Lang Fang Quan Zheng Zi Di No. 1005, the building ownership rights of a building with a GFA of approximately 50.41 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 12.59 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
152.	A Valve Station located at Bayang Road, Dawangzhuang Village, Yangfengang Township, Ba County. Bazhou City, Hebei Province, The PRC 位於中國河北省 霸州市 霸縣 楊芬港鄉 大汪莊村 霸楊路之 一個閥室	The property comprises a land parcel with a site area of approximately 624 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been allocated for public facilities purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ba Tu Guo Yong (2001) Zi Di No. 70013 dated 30 March 2001, the land use rights of the property with a site area of approximately 624 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for public facilities purpose.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
153.	A land parcel located at Nursery field, Du Village, Laiyuan County, Baoding City, Hebei Province, The PRC 位於中國河北省 保定市 淶源縣 杜村苗圃場之 一塊土地	The property comprises a land parcel with a site area of approximately 788.1 sq.m. The land use rights of the property have been allocated for pipeline protection use.	The property is occupied by the Target Group for pipeline protection use.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Lai Guo Yong (98) Zi Di No. 93065 dated 23 December 1998, the land use rights of the property with a site area of approximately 788.1 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances.

   b. As advised by the Group, nature of the land use rights of the property is allocated land; and

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of the land use rights of the property is allocated land.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
154.	A Valve Station located at Xizhuangtou Village, Songlindian Town, Zhuozhou City, Hebei Province, The PRC 位於中國河北省 涿州市 松林店鎮 西莊頭村之 一個閥室	The property comprises a land parcel with a site area of approximately 487.34 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been allocated for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Zhuo Guo Yong (2000) Zi Di No. 01-0003 dated 3 July 2000, the land use rights of the property with a site area of approximately 487.34 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Zhuo Fang Zhong Zi Di No. 131, the building ownership rights of a building with a GFA of approximately 54 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 9 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
155.	A Valve Station located at Dongyangxianwu Village, Gongcun Town, Guan County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 固安縣 宮村鎮 東楊先務村之 一個閥室	The property comprises a land parcel with a site area of approximately 686 sq.m. and 2 buildings and various ancillary structures completed in various stages between 1998 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been obtained for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Gu Zi Guo Yong (1998) Zi Di No. 200004 dated July 1998, the land use rights of the property with a site area of approximately 686 sq.m. have been obtained by Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. Pursuant to a Building Ownership Certificate, Lang Fang Quan Zheng Gu Zi Di No. 1004, the building ownership rights of a building with a GFA of approximately 50.41 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. For the remaining building with a GFA of approximately 12.59 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
156.	A Valve Station located at Huijichang Village, Lilan Town, Yongqing County, Anci District, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 安次區 永清縣 里瀾城鎮 惠濟場村之 一個閥室	The property comprises a land parcel with a site area of approximately 832.5 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m. The land use rights of the property have been allocated for valve station use.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yong Qing Guo Yong (2000) Zi Di No. 012572514 dated 9 June 2000, the land use rights of the property with a site area of approximately 832.5 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for valve station use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

157.	A Gas Distribution Station located at Jiangjiawa Village, Duzhuang Township, Funing County, Qinhuangdao City, Hebei Province, The PRC 位於中國河北省 秦皇島市 撫寧縣 杜莊鄉 蔣家窪村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 18,488 sq.m. and 4 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the property is approximately 350 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
158.	A Gas Distribution Station located at Taoliying Village, Xinzhuangzi Township, Fengrun District, Tangshan City, Hebei Province, The PRC 位於中國河北省 唐山市 豐潤區 新莊子鄉 陶立營村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 25,615 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the property is approximately 350 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value
159.	A Gas Distribution Station located at Wangzhuangzi Village, Zhongbei Town, Xiqing District, Tianjin, The PRC 位於中國天津市 西青區 中北鎮 汪莊子村之 一個天然氣分輸站	The property comprises a land parcel and 2 buildings and various ancillary structures completed in 1999 erected thereon. The total gross floor area ("GFA") of the property is approximately 126 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
160.	A Gas Distribution Station located at Xiaobianzhuang Village, Jingwu Town, Xiqing District, Tianjin, The PRC 位於中國天津市 西青區 精武鎮 小卞莊村之 一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 4,886 sq.m. and 7 buildings and various ancillary structures completed in 1999 erected thereon. The total gross floor area ("GFA") of the property is approximately 749 sq.m.	The property is occupied by the Target Group as a distribution station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

161.	A Valve Station located at Dawangzhuang Village, Yangfengang Town, Bazhou City Hebei Province, The PRC 位於中國河北省 霸州市 楊芬港鎮 大汪莊村之 一個閥室	The property comprises a land parcel with a site area of approximately 2,800 sq.m. and 3 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
162.	A land parcel, 2 buildings and various structures located at Jiaochang Village, Zijingguan Town, Yi County, Baoding City, Hebei Province, The PRC 位於中國河北省保定市易縣紫荊關鎮教廠村之一塊土地，二棟建築物及多項構築物	The property comprises a land parcel with a site area of approximately 2,700.79 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the property is approximately 147.41 sq.m. The land use rights of the property have been obtained for public facilities use.	The property is occupied by the Target Group for industrial purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yi Guo Yong (98) Zi Di No. 03-4272 dated 1 April 1996, the land use rights of the property with a site area of approximately 2,700.79 sq.m. have been obtained by Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for public facilities use.

2. Pursuant to a Building Ownership Certificate, Yi Xian Fang Quan Zheng Jiao Chang Cun Zi Di No. 992102880, the building ownership rights of 2 buildings with a total GFA of approximately 147.41 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. As advised by the Group, nature of the land use rights of the property is allocated land;

   c. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

   d. As confirmed by the Group, buildings of the property are not subject to mortgages or any other material encumbrances; and

   e. The building of the property with building ownership certificates can be used.

163.	A Valve Station located at Xinpanshi Village, Xiling Town, Yi County, Baoding City, Hebei Province, The PRC 位於中國河北省保定市易縣西陵鎮新畔石村之一個閥室	The property comprises a land parcel with a site area of approximately 534 sq.m. and 2 buildings and various ancillary structures completed in 1998 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 144.6 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
164.	A Valve Station located at Xinpanshi Village, Xiling Town, Yi County, Baoding City, Hebei Province, The PRC 位於中國河北省廊坊市永清縣管家務鄉胡其營村之一個閥室	The property comprises a land parcel with a site area of approximately 2,100 sq.m. and 2 buildings and various ancillary structures completed in 1998. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
165.	A Valve Station located at Jiuzhou 3rd Village, Jiuzhou Town, Guangyang District, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市廣陽區 舊州鎮舊州三村 之一個閥室	The property comprises a land parcel with a site area of approximately 4,343.96 sq.m. and 2 buildings and various ancillary structures completed in 1998. The total gross floor area ("GFA") of the buildings is approximately 159 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
166.	A Valve Station located at Cuixintun Village, Maan Town, Anci District, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 安次區 碼安鎮 崔辛屯村 之一個閥室	The property comprises a land parcel with a site area of approximately 1,141 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
167.	A Valve Station located at Nangong Village, Daliuhe Town, Wenan County, Langfang City, Hebei Province, The PRC 位於中國河北省 廊坊市 文安縣 大柳河鎮 南宮村之一個閥室	The property comprises a land parcel with a site area of approximately 2,415.50 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
168.	A Valve Station located at Beishang Village, Nancaicun Town, Wuqing District, Tianjin, The PRC 位於中國天津市 武清區 南菜村鎮 北商村之一個閥室	The property comprises a land parcel with a site area of approximately 1,389 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
169.	A Valve Station located at Wengyangfang Village, Nancaicun Town, Wuqing District, Tianjin, The PRC 位於中國天津市 武清區 南菜村鎮 翁羊坊村之一個閥室	The property comprises a land parcel with a site area of approximately 1,090 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 63 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
170.	A Valve Station located at Jintai Village, Datunkou Town, Baodi District, Tianjin, The PRC 位於中國天津市 寶坻區 大口屯鎮 金台村之一個閥室	The property comprises a land parcel with a site area of approximately 8,762 sq.m. and a building and various ancillary structures completed in 2009 erected thereon. The gross floor area ("GFA") of the building is approximately 18 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
171.	A Valve Station located at Beishi Village, Wangbuzhuang Town, Baodi District, Tianjin, The PRC 位於中國天津市 寶坻區 王蒭莊鎮 北史村之一個閥室	The property comprises a land parcel with a site area of approximately 2,302 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
172.	A Valve Station located at Xidingfuzhuang Village, Woluogu Town, Yutian County, Tangshan City, Hebei Province, The PRC 位於中國河北省 唐山市 玉田縣 窩洛沽鎮 西定府莊 之一個閥室	The property comprises a land parcel with a site area of approximately 1,132 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

173.	A Valve Station located at Zhuanghushang Village, Fengdengwu County, Fengrun District, Tangshan City, Hebei Province, The PRC 位於中國河北省 唐山市 豐潤區 豐登塢鎮 莊戶尚村之一個閥室	The property comprises a land parcel with a site area of approximately 1,529 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
174.	A Valve Station located at Zhuanghushang Village, Fengdengwu Township, Fengrun District, Tangshan City, Hebei Province, The PRC 位於中國河北省 唐山市 豐潤區 常莊鄉 常莊村之一個閥室	The property comprises a land parcel with a site area of approximately 1,196 sq.m. and 3 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
175.	A Valve Station located at Beihe Village, Zhenzi Town, Luan County, Tangshan City, Hebei Province, The PRC 位於中國河北省 唐山市 灤縣榛子鎮 北河村之一個閥室	The property comprises a land parcel with a site area of approximately 1,980 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 193 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
176.	A Valve Station located at Dongshetanyu Village, Taipingzhuang Township, Qianan City, Hebei Province, The PRC 位於中國河北省 遷安市 太平莊鄉 東蛇探峪村之一個閥室	The property comprises a land parcel with a site area of approximately 1,406 sq.m. and 3 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
177.	A Valve Station located at Buguanying Village, Yejituo Town, Qianan City, Hebei Province, The PRC 位於中國河北省 遷安市 遷安市 野雞坨鎮 卜官營村之一個閥室	The property comprises a land parcel with a site area of approximately 7,679.23 sq.m. and a building and various ancillary structures completed in 2009 erected thereon. The gross floor area ("GFA") of the building is approximately 26 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
178.	A Valve Station located at Zhaojiawa Village, Xiazhai Township, Lulong County, Qinhuangdao City, Hebei Province, The PRC 位於中國河北省 秦皇島市 盧龍縣 下寨鄉 趙家窪村之一個閥室	The property comprises a land parcel with a site area of approximately 1,573 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 193 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
179.	A Valve Station located at Xiaogezhuang Village, Chaopeng Township, Funing County, Qinhuangdao City, Hebei Province, The PRC 位於中國河北省 秦皇島市 撫寧縣 茶棚鄉 肖各莊村之一個閥室	The property comprises a land parcel with a site area of approximately 1,160 sq.m. and 3 buildings and various ancillary structures completed in between 2009 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 193 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
180.	A Valve Station located at Longkoudian Village, Yuguan Town, Funing County, Qinhuangdao City, Hebei Province, The PRC 位於中國河北省 秦皇島市 撫甯縣 榆關鎮 龍口店村之一個閥室	The property comprises a land parcel with a site area of approximately 954 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 97 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
181.	A Valve Station located at Du Village, Nantun Township, Laiyuan Town, Baoding City, Hebei Province, The PRC 位於中國河北省保定市淶源縣南屯鄉杜村之一個閥室	The property comprises a land parcel with a site area of approximately 1,400 sq.m. and 2 single-storey buildings and various ancillary structures completed in about 1999 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 152.6 sq.m. The land use rights of the property have been allocated for pipeline services purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (97) Zi Di No. 930064 dated 24 November 1997, the land use rights of the property with a site area of approximately 1,400 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. Pursuant to a Building Ownership Certificate, Lai Zi Di No. 10296 dated 30 June 1999, the building ownership rights of the 2 buildings with a total GFA of approximately 152.6 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
182.	A Valve Station located at Hongquan Village, Beishifo Township, Laiyuan Town, Baoding City, Hebei Province, The PRC 位於中國河北省保定市淶源縣北石佛鄉紅泉村之一個閥室	The property comprises a land parcel with a site area of approximately 540 sq.m. and a single-storey building and various ancillary structures completed in about 1999 erected thereon. The gross floor area ("GFA") of the building is approximately 45.1 sq.m. The land use rights of the property have been allocated for pipeline services purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (97) Zi Di No. 930064 dated 24 November 1997, the land use rights of the property with a site area of approximately 540 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. Pursuant to a Building Ownership Certificate, Lai Zi Di No. 10296 dated 30 June 1999, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
183.	A Valve Station located at Xiaohe Village, Yangjiazhuang Township, Laiyuan Town, Baoding City, Hebei Province, The PRC 位於中國河北省保定市淶源縣楊家莊鎮小河村之一個閥室	The property comprises a land parcel with a site area of approximately 1,166.67 sq.m. and a single-storey building and various ancillary structures completed in about 1999 erected thereon. The gross floor area ("GFA") of the building is approximately 45.1 sq.m. The land use rights of the property have been allocated for pipeline services purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (97) Zi Di No. 930064 dated 24 November 1997, the land use rights of the property with a site area of approximately 1,166.67 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. Pursuant to a Building Ownership Certificate, Lai Zi Di No. 10304 dated 30 June 1999, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
184.	A Valve Station located at Tieling Village, Yangjiazhuang Township, Laiyuan Town, Baoding City, Hebei Province, The PRC 位於中國河北省 保定市 淶源縣 楊家莊鎮 鐵嶺村之一個閥室	The property comprises a land parcel with a site area of approximately 500 sq.m. and a single-storey building and various ancillary structures completed in about 1999 erected thereon. The gross floor area ("GFA") of the building is approximately 45.1 sq.m. The land use rights of the property have been allocated for pipeline services purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (97) Zi Di No. 930064 dated 24 November 1997, the land use rights of the property with a site area of approximately 500 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. Pursuant to a Building Ownership Certificate, Lai Zi Di No. 10305 dated 30 June 1999, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
185.	A Valve Station located at Wanganzhen Village, Wanganzhen Town, Laiyuan Town, Baoding City, Hebei Province, The PRC 位於中國河北省 保定市 淶源縣 王安鎮鎮 王安鎮村之一個閥室	The property comprises a land parcel with a total site area of approximately 560 sq.m. and a single-storey building and various ancillary structures completed in about 1999 erected thereon. The total gross floor area ("GFA") of the building is approximately 45.1 sq.m. The land use rights of the property have been allocated for pipeline services purpose.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (97) Zi Di No. 930064 dated 24 November 1997, the land use rights of the property with a site area of approximately 560 sq.m. have been allocated to Beijing Natural Gas Gathering & Transmission Company (北京天然氣集輸公司) (now known as PetroChina Beijing Gas Pipeline Co., Ltd) for pipeline services purpose.

2. Pursuant to a Building Ownership Certificate, Lai Zi Di No. 10307 dated 30 June 1999, the building ownership rights of a building with a GFA of approximately 45.1 sq.m. are legally owned by Beijing Natural Gas Gathering & Transmission Company.

3. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land or uncertain.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
186.	A Valve Station located at south of Wangjiawu Village, Liuquan Town, Guan County, Langfang City, Hebei Province, The PRC 位於中國河北省廊坊市固安縣柳泉鎮王家務村南之一個閥室	The property comprises a land parcel with a site area of approximately 1,400 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
187.	A Valve Station located at north of Nangongyou Village, Dongwan Township, Guan County, Langfang City, Hebei Province, The PRC 位於中國河北省廊坊市固安縣東灣鄉南公由村北之一個閥室	The property comprises a land parcel with a site area of approximately 1,400 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained. .

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
188.	A Valve Station located at north of Lujiachang Village, Qingliangsi Street Office, Zhuozhou City, Hebei Province, The PRC 位於中國河北省 涿州市清涼寺街道 蘆家場村北 之一個閥室	The property comprises a land parcel with a site area of approximately 1,400 sq.m. and certain buildings and ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 186 sq.m.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
189.	A Distribution Station located at north of Fuxing Nursery, Fangshan District, Beijing, The PRC 位於中國北京市 房山區 復興苗圃場北 之一個分輸站	The property comprises a land parcel and certain buildings and ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for distribution station purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained. .

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
190.	A Valve Station located at east of Guogezhuang Village, Qinglonghu Town, Fangshan District, Beijing, The PRC 位於中國北京市 房山區青龍湖鎮 果各莊村東 之一個閥室	The property comprises a land parcel and certain buildings and ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
191.	A Valve Station located at north of Weigezhuang Village, Wangzuo Town, Fengtai District, Beijing, The PRC 位於中國北京市 豐台區王佐鎮 魏各莊村北 之一個閥室	The property comprises a land parcel and certain buildings and ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
192.	A Valve Station located at west of Tanzhe Temple, Mentougou District, Beijing, The PRC 位於中國北京市 門頭溝區 潭柘寺西 之一個閥室	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
193.	A Valve Station located at northeast of Jiuyuan Village, Wangping Town, Mentougou District, Beijing, The PRC 位於中國北京市 門頭溝區王平鎮 韭園村東北 之一個閥室	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
194.	A Valve Station located at west of Zhoujiaxiang Village, Sujiatuo Town, Haidian District, Beijing, The PRC 位於中國北京市海澱區蘇家坨鎮周家巷村西之一個閥室	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value
195.	A Valve Station located at north of Qianshajian Village, Sujiatuo Town, Haidian District, Beijing, The PRC 位於中國北京市海澱區蘇家坨鎮前沙澗村北之一個閥室	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
196.	A Valve Station located at north of Shijiaqiao Village, Yangfang Town, Changping District, Beijing, The PRC 位於中國北京市 昌平區陽坊鎮 史家橋村北 之一個閥室	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for valve station purpose.	No Commercial Value
197.	A Distribution Station located at northeast of Xishatun Village, Shahe Town, Changping District, Beijing, The PRC 位於中國北京市 昌平區沙河鎮 西沙屯村東北 之一個分輸站	The property comprises a land parcel and certain buildings and various ancillary structures completed in 2010 erected thereon.	The property is occupied by the Target Group for distribution station purpose.	No Commercial Value

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Notes:–

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

Group II – Properties leased by the Target Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
198.	An office unit located at the western side of Guo Road, Dameng Town, Yangqu County, Taiyuan City, Shanxi Province, The PRC 位於中國山西省 太原市 陽曲縣 大孟鎮 國道西之 一個辦公室單位	The property comprises an office unit on Level 2 of a 2-storey building completed in about 1992. The gross floor area ("GFA") of the property is approximately 150 sq.m.	The property is occupied by the Target Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Agreement, the property is leased to Beijing Huayou Natural Gas Company Limited (北京華油天然氣有限責任公司) ("Beijing Huayou") (now known as Beijing Pipeline) from an independent third party on monthly basis at a monthly rent of RMB1,500 exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
199.	Level 2 of an office building and an open car park located at No. 408 Wenhua Road, Qinhuangdao City, Hebei Province, The PRC 位於中國河北省 秦皇島市 文化路408號之 一棟辦公樓第二層 及一個停車場	The property comprises Level 2 of a 3-storey composite building completed in 1969 and an open car park with an area of approximately 400 sq.m. The floor area of the property is approximately 1,011 sq.m.	The property is occupied by the Target Group for office, domitory, car park and ancillary purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract (the "Contract"), the property is leased to Yong-Tang-Qin Gas Transmission Pipeline Operation Preparation Team (永唐秦輸氣管道生產運行籌備組) ("Preparation Team") from an independent third party for a term of 2 years expiring on 26 April 2011 at a monthly rent of RMB90,000 inclusive of service charge and exclusive of telephone and internet charges for office, domitory, car park and ancillary uses.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Preparation Team was a temporary branch of the Target Company.

Group III – Properties held for owner-occupation by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
200.	A CNG Gate Station located at No. 9 Xingguang 2nd Street, Dong Village, Taihu Town, Tongzhou District, Beijing, the PRC 位於中國北京市通州區台湖鎮董村興光二街9號之一個壓縮天然氣門站	The property comprises a land parcel with a site area of approximately 1,346.28 sq.m. and 4 buildings and various ancillary structures completed in various stages between 2002 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 451.03 sq.m. The land use rights of the property have been granted for a term expiring on 27 June 2056 for industrial use.	The property is occupied by the Group as a CNG gate station.	500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Jing Tong Guo Yong (2006 Chu) Di No. 032 (京通國用(2006出)第032號) dated 8 August 2006, the land use rights of the property with a site area of approximately 1,346.28 sq.m. have been granted to Beijing Dongfang Tongjie Gas Company Limited (北京東方通捷燃氣有限責任公司) ("Beijing Tongjie") for a term expiring on 27 June 2056 for industrial use.

2. For the 4 buildings of the property with a total GFA of approximately 451.03 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Beijing Tongjie is a 34.17%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
201.	A land parcel located at south of Shen Zhen Road, Shucheng Town, Shuyang County, Suqian City, Jiangsu Province, The PRC 位於中國江蘇省宿遷市沭陽縣沭城鎮深圳路南側之一塊土地	The property comprises a land parcel with a site area of approximately 5,447 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 30 April 2050 for gas filling station use.	The property is vacant.	500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shu Guo Yong (2010) Di No. 27055 dated 30 April 2010, the land use rights of the property with a site area of approximately 5,447 sq.m. have been granted to Shuyang County Baojie Gas Company Limited（沭陽縣保捷燃氣有限公司）("Shuyang Baojie") for a term expiring on 30 April 2050 for gas filling station use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

3. Shuyang Baojie is a 68.08%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
202.	A Gas Filling Station located at Shihuang Village, Economic & Technology Development Zone, Jiangyan City, Jiangsu Province, The PRC 位於中國江蘇省姜堰市經濟開發區石黃村之一個加氣站	The property comprises a land parcel with a site area of approximately 8,748 sq.m. and a 2-storey building and various structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 477.28 sq.m. The land use rights of the property have been granted for a term expiring on 7 April 2050 for commercial use.	The property is occupied by the Group as a gas filling station.	6,660,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Jiang Guo Yong (2010) Di No. 3033（姜國用(2010)第3033號), dated 30 June 2010, the land use rights of the property with a site area of approximately 8,748 sq.m. have been granted to Jiangyan City Baojie Gas Company Limited（姜堰市保捷燃氣有限責任公司）("Jiangyan Baojie") for a term expiring on on 7 April 2050 for commercial use.

2. For the building of the property with a GFA of approximately 477.28 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Jiangyan Baojie is a 68.08%-owned subsidiary of the Company.

203.	A Light Hydrocarbon Recovery Plant located at Dongzhi Village, Xifeng District, Qingyang City, Gansu Province, The PRC 位於中國甘肅省慶陽市西峰區董志村之一個輕烴回收廠	The property comprises a land parcel with a site area of approximately 33.93 mu and 8 buildings and various structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,668.59 sq.m.	The property is occupied by Qingyang Xinda Technique Engineering Limited Liability Company（慶陽欣達技術工程股份有限公司）("Qingyang Xinda") for light hydrocarbon recovery use.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Qingyang Xinda is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
204.	An office building located at No. 83 Shi You Street, Xinglongtai District, Panjin City, Liaoning Province, The PRC 位於中國遼寧省盤錦市興隆台區石油大街83號之一棟辦公樓	The property comprises a land parcel with a site area of approximately 4,227.5 sq.m. and a 9-storey building completed in 2002 erected thereon. The gross floor area ("GFA") of the building is approximately 12,837.3 sq.m. The land use rights of the property have been granted for a term expiring on 27 December 2028 for commercial use.	The property is occupied by the Group for office purpose.	51,350,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate dated 7 March 2003, the land use rights of the property with a site area of approximately 4,227.5 sq.m. have been granted to Beckbury International Limited (Beckbury國際有限公司) ("Beckbury") for a term expiring on 27 December 2028 for commercial use.

2. Pursuant to a Building Ownership Certificate, Pan Fang Quan Zheng Zi Di No. 2005643, the building ownership rights of the building with a GFA of approximately 12,837.3 sq.m. are legally owned by Beckbury.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the property is subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

4. Beckbury is a wholly-owned subsidiary of the Company.

205.	A CNG Master Station located at Yongle Town Industrial Zone, Jingyang County, Xianyang City, Shaanxi Province, The PRC 位於中國陝西省咸陽市涇陽縣永樂鎮工業園區之一個壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 30 mu and 7 buildings and various ancillary structures completed in about 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,316 sq.m.	The property is occupied by the Group as a CNG Master Station.	No Commercial Value

Notes:

1. Pursuant to a Project Contract dated 7 April 2005, the land use rights of the property with a site area of approximately 20,000 sq.m. were contracted to be granted to Jingyang Huaqi Anran CNG Limited (涇陽華氣安然壓縮天然氣有限公司) ("Jingyang Huaqi") at a land premium of RMB42,000/mu for CNG Station use.

2. In the valuation of this property, we have not attributed any commercial value to the property as we have not been provided with any title certificates.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Jingyang Huaqi is a 44.38%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
206.	Room 1 on Level 1, Levels 2, 4, 5, 6 and 13, Mezzanine Floor and Basement Level 1, Xinjie Building, No. 9 North 2nd Lane, Gao Xin Street, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 烏魯木齊市 高新街 北二巷9號 新捷大廈 第一層1室，第二層， 第四至六及十三層及 夾層以及負一層	The property comprises portion of Level 1 and the whole of Levels 2, 4, 5, 6 and 13, mezzanine floor and the basement level of a 14-storey office building over single-storey basement completed in 2001. The total gross floor area ("GFA") of the properly is approximately 9,488.16 sq.m. The land use rights of the property have been granted for a term expiring on 19 June 2050 for commercial use.	The property is occupied by the Group for office purpose.	74,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificates (國有土地使用證), Wu Guo Yong (2005) Di No. 0009845 (烏國用(2005)第0009845號) dated 30 March 2005, the land use rights of the property have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司)("Xinjiang Xinjie") with a term expiring on 19 June 2050 for commercial use.

2. Pursuant to 5 Building Ownership Certificates (房屋所有權證) and a Collective Real Estate Title Certificate (公房產權證), the building ownership rights of the building of the property with a total GFA of approximately 9,488.16 sq.m. are legally owned by Xinjiang Xinjie. The details of which is as following:

Premise	Certificate No.	GFA *sq.m.*
Room 1 on Level 1	Wu Fang Quan Zheng Wu Shi Gao Xin Qu Zi Di No. 2010024127 (烏房權證烏市高新區字第2010024127號)	1,337.08
Level 2	Wu Fang Quan Zheng Wu Shi Gao Xin Qu Zi Di No. 2010017853 (烏房權證烏市高新區字第2010017853號)	1,021.47
Level 4-6	Wu Zheng Fang Zi (200) Di No. 0120679 (烏政房字(200)第0120679號)	4,800.00
Level 13	Wu Fang Quan Zheng Wu Shi Gao Xin Qu Zi Di No. 2010000002 (烏房權證烏市高新區字第2010000002號)	846.67
Mezzanine Floor	Wu Fang Quan Zheng Wu Shi Gao Xin Qu Zi Di No. 2010000003 (烏房權證烏市高新區字第2010000003號)	488.98
Basement Level	Wu Fang Quan Zheng Wu Shi Gao Xin Qu Zi Di No. 2010000001 (烏房權證烏市高新區字第2010000001號)	993.96
	Total:	**9,488.16**

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the building of the property is not subject to mortgages or any other material encumbrances ;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
207.	Units 29F and 29G, Level 29, Yingke International Centre, No. 1 Diamond City, Beijing Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 烏魯木齊市 北京路 鑽石城1號 盈科國際中心29樓 29F及29G室	The property comprises 2 office units on Level 29 of a 30-storey office building completed in 2003. The total gross floor area ("GFA") of the property is approximately 326.8 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to 2 Building Ownership Certificates (房屋所有權證), Wu Fang Quan Zheng Gao Xin Qu Zi Di Nos. 2008318624 and 2008318625 (烏房權證高新區字第2008318624及2008318625號), the building ownership rights of the building of the property with a total GFA of approximately 326.8 sq.m. are legally owned by Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司) ("Xinjiang Xinjie").

2. In the valuation of this property, we have attributed no commercial value to the property as relevant land use rights certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
208.	A land parcel located at No. 1824 West Ring Central Road, Sayibak District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 沙依巴克區 西環中大路1824號 之一塊土地	The property comprises a land parcel with a site area of approximately 2,638.57 sq.m. The land use rights of the property have been granted for a term expiring on 26 May 2019 for commercial use.	The property is vacant.	710,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract dated 1 September 2009, the land use rights of the property with a site area of approximately 2,638.57 sq.m. were contracted to be granted to Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") at a land premium of RMB415,753.57 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate（國有土地使用證）, Wu Guo Yong (2010) Di No. 0026667 dated 11 January 2010, the land use rights of the property with a site area of approximately 2,638.57 sq.m. have been granted to Xinjie Gas for a term expiring on 26 May 2019 for commercial use.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
209.	A CNG Master Station located at 9th Company, Sanping Farm, 12th Agriculture Division, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 農十二師 三坪農場九連 之一個壓縮天然氣母站	The property comprises 2 land parcels with a total site area of approximately 24,224.79 sq.m. and 8 buildings and various ancillary structures completed in various stages between 2003 and 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 417.85 sq.m. The land use rights of the property have been granted for terms with the earliest expiry date on 10 November 2058 for public utilities and storage uses respectively.	The property is occupied by the Group as a CNG master station.	11,390,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2010) Di No. 0027205 (烏國用(2010)第0027205號) dated 18 January 2010, the land use rights of a land parcel of the property with a site area of approximately 16,713.89 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 31 August 2059 for public utilities use.

2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Bing Shi Er Shi Guo Yong (2008) Di No. 12201934 (兵十二師國用(2008)第12201934號) dated 21 November 2008, the land use rights of a land parcel of the property with a site area of approximately 7,510.9 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司) ("Xinjiang Xinjie") for a term expiring on 10 November 2058 for storage use.

3. For the 8 buildings of the property with a total GFA of approximately 417.85 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcels of the property are not subject to mortgages or any other material encumbrances; and

   b. The grantees of the land use rights have the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

7. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
210.	A land parcel and 2 buildings and various structures located at Wu Chang Road, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市頭屯河區 烏昌公路 之一塊土地及兩棟房屋及 若干構築物	The property comprises a land parcel with a site area of approximately 1,593.13 sq.m. and 2 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 311 sq.m. The land use rights of the property have been granted for a term expiring on 1 July 2054 for industrial use.	The property is occupied by the Group for office and ancillary uses.	960,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Guo Yong (2004) Di No. 0008784 dated 3 September 2004, the land use rights of the property with a site area of approximately 1,593.13 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 1 July 2054 for industrial use.

2. Pursuant to 2 Building Ownership Certificates, Wu Fang Quan Zheng Wu Shi Tou Tun He Qu Zi Di Nos. 2004018401 and 2004018403, the building ownership rights of 2 buildings of the property with a total GFA of approximately 311 sq.m. are legally owned by Xinjie Gas.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the building of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

211.	A land parcel located at No. 4 Bei Zhan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 北站路4號 之一塊土地	The property comprises a vacant land parcel with a site area of approximately 2,744.6 sq.m. The land use rights of the property have been granted for a term expiring on 27 March 2041 for commercial use.	The property is vacant.	1,570,000

Notes: -

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Guo Yong (2001) Di No. 0003642 dated 4 April 2001, the land use rights of the property with a site area of approximately 2,744.6 sq.m. have been granted to Xinjiang Xinjie Petrochemical Company Limited (新疆新捷石油化工有限公司) (now known as Xinjiang Xinjie Company Limited) (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 27 March 2041 for commercial use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
212.	A Car Transformation Factory located at No. 295 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 水磨溝區 七道灣南路295號 之一個改車廠	The property comprises a land parcel with a site area of approximately 3,295 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 100 sq.m. The land use rights of the property have been granted for a term expiring in March 2052 for residential use.	The property is occupied by the Group as a car transformation factory.	2,290,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2002) Zi Di No. 0005454 (烏國用(2002)字第0005454號) dated 11 June 2002, the land use rights of the property with a site area of approximately 3,295 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring in March 2052 for residential use.

2. For the building of the property with a GFA of approximately 100 sq.m., we have not been provided with any title certificates.

3. As advised by the Group's PRC legal advisor, the existing use of the property violates the PRC laws and the Group might be subject to an order to apply for changing the designated land use of the land parcel. Since the land use rights certificate has been obtained by the Group, the possession of the land use rights would not be affected by the existing use. We have valued the land parcel based on the designated use in accordance with the land use rights certificate.

4. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
213.	A Gas Filling Station located at No. 138 Ying Bin Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 迎賓路138號 之一個加氣站	The property comprises a land parcel with a site area of approximately 4,306.9 sq.m. and a building and various ancillary structures completed in 2002 erected thereon. The gross floor area ("GFA") of the building is approximately 55 sq.m. The land use rights of the property have been granted for a term expiring on 14 August 2041 for commercial use.	The property is occupied by the Group as a gas filling station.	2,480,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2002) Zi Di No. 0005072 (烏國用(2002)字第0005072號) dated 11 March 2002, the land use rights of the property with a site area of approximately 4,306.9 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司) ("Xinjiang Xinjie") for a term expiring on 14 August 2041 for commercial use.

2. For the building of the property with a GFA of approximately 55 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
214.	A Gas Filling Station located at No. 46 Xi Shan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 西山路46號 之一個加氣站	The property comprises 3 land parcels with a total site area of approximately 9,114.21 sq.m. and a building and various ancillary structures completed in 2002 erected thereon. The gross floor area ("GFA") of the building is approximately 970.89 sq.m. The land use rights of the property have been granted for various terms with the earliest expiry date on 18 August 2042 for commercial and industrial uses respectively.	The property is occupied by the Group as a gas filling station.	5,140,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2002) Zi Di No. 0005878 (烏國用(2002)字第0005878號) dated 22 October 2002, the land use rights of a land parcel of the property with a site area of approximately 1,302 sq.m. have been granted to Xinjiang Central Asia Petrol & Gas Company Limited (新疆中亞油氣有限責任公司) ("Central Asia") for a term expiring on 18 August 2042 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2002) Zi Di No. 0005879 (烏國用(2002)字第0005879號) dated 22 October 2002, the land use rights of a land parcel of the property with a site area of approximately 715 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司) ("Xinjiang Xinjie") for a term expiring on 18 August 2042 for commercial use.

3. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2004) Di No. 0008633 (烏國用(2004)第0008633號) dated 10 August 2004, the land use rights of the remaining land parcel of the property with a site area of approximately 7,097.21 sq.m. have been granted to Xinjiang Xinjie for a term expiring on 22 July 2054 for industrial use.

4. Pursuant to a Building Ownership Certificate (房屋所有權證), Wu Fang Quan Zheng Wu Shi Sha Yi Ba Ke Qu Zi Di No. 00453601 (烏房權證烏市沙依巴克區字第00453601號), the building ownership rights of the building of the property with a GFA of approximately 970.89 sq.m. are legally owned by Central Asia.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcels and the building of the property is not subject to mortgages or any other material encumbrances;

   b. The grantees of the land use rights have the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The building of the property with building ownership certificate can be used, transferred, leased and mortgaged.

6. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company and Central Asia is a 79.96%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
215.	A building and various ancillary structures located at No. 778 Mi Quan South Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 米泉南路778號 之一幢房屋及 若干附屬構築物	The property comprises a building and various ancillary structures completed in 2003. The gross floor area ("GFA") of the building is approximately 57 sq.m. The land parcel on which the property erected thereon is leased to the Group for a term expiring on 1 May 2021.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Agreement（聯營協議書）entered into between Urumqi Xingyuan Industrial & Trading Company（烏魯木齊興遠工貿公司）("Xingyuan"), an independent third party, and Xinjiang Dupec Clean Energy Company Limited（新疆杜派克清潔能源有限責任公司）("Dupec"), Dupec has the right to construct and operate a gas filling station on portion of a land pracel held by Xinjiang Kaziwan Cement Factory's（新疆卡子灣水泥廠）("Cement Factory") for a term commencing on 1 May 2001 and expiring on 1 May 2021 at an annual rent of RMB50,000. The property is erected on the land parcel.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of the land parcel is not vested in Dupec on which the property is erected.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

4. Dupec is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
216.	A Gas Filling Station located at No. 515 Mi Quan South Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 米泉南路515號 之一個加氣站	The property comprises a land parcel with a site area of approximately 4,482.6 sq.m. and a building and various ancillary structures completed in 2003 erected thereon. The gross floor area ("GFA") of the building is approximately 56 sq.m. The land use rights of the property have been granted for a term expiring on 19 September 2021 for commercial use.	The property is occupied by the Group as a gas filling station.	1,440,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2001) Zi Di No. 0004514 (烏國用(2001)字第0004514號) dated 25 September 2001, the land use rights of the property with a site area of approximately 4,482.6 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 19 September 2021 for commercial use.

2. For the building of the property with a GFA of approximately 56 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
217.	A Gas Filling Station located at No. 80 Cang Fang Gou Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 倉房溝路80號 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,728.65 sq.m. and a building and various ancillary structures completed in 2003 erected thereon. The gross floor area ("GFA") of the building is approximately 57 sq.m. The land use rights of the property have been granted for a term expiring on 12 February 2024 for commercial use.	The property is occupied by the Group as a gas filling station.	640,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Guo Yong (2004) Di No. 0008866, the land use rights of the land parcel of the property with a site area of approximately 1,728.65 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 12 February 2024 for commercial use.

2. For the building of the property with a GFA of approximately 57 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
218.	A Gas Filling Station located at No. 859 Ka Shi East Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 喀什東路859號 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,782.5 sq.m. and 2 buildings and various ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 129 sq.m. The land use rights of the property have been granted for a term expiring in May 2031 for commercial use.	The property is occupied by the Group as a gas filling station.	1,810,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2001) Zi Di No. 0003933 (烏國用(2001)字第0003933號) dated 23 May 2001, the land use rights of the property with a site area of approximately 3,782.5 sq.m. have been granted to Xinjiang Xinjie Petrochemical Company Limited (新疆新捷石油化工有限公司) (now known as Xinjiang Xinjie Company Limited) (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring in May 2031 for commercial use.

2. For the 2 buildings of the property with a total GFA of approximately 129 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
219.	A Gas Filling Station located at No. 176 Dong Shan Street, Dong Shan Main Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 東山大道 東山街176號 之一個加氣站	The property comprises a land parcel with a site area of approximately 2,346.03 sq.m. and a building and various ancillary structures completed in 2001 erected thereon. The gross floor area ("GFA") of the building is approximately 116.5 sq.m. The land use rights of the property have been granted for a term expiring on 29 September 2044 for commercial use.	The property is occupied by the Group as a gas filling station.	1,580,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Guo Yong (2007) Di No. 0022882 dated 28 November 2007, the land use rights of the property with a site area of approximately 2,346.03 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 29 September 2044 for commercial use.

2. Pursuant to a Building Ownership Certificate, Wu Fang Quan Zheng Dong Shan Qu Zi Di No. 2007303837, the building ownership rights of the building of the property with a GFA of approximately 116.5 sq.m. are legally owned by Xinjie Gas.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the building of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The building of the property with building ownership certificate can be used, transferred, leased and mortgaged.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
220.	A Gas Filling Station located at No. 138 Su Zhou East Street, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 蘇州東街138號 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,056.19 sq.m. and a building and various ancillary structures completed in 2004 erected thereon. The gross floor area ("GFA") of the building is approximately 294 sq.m. The land use rights of the property have been granted for a term expiring on 23 September 2038 for residential use.	The property is occupied by the Group as a gas filling station.	5,230,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Wu Guo Yong (2004) Di No. 0008984 (烏國用(2004)第0008984號) dated 29 October 2004, the land use rights of the property with a site area of approximately 3,056.19 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 23 September 2038 for residential use.

2. For the building of the property with a GFA of approximately 294 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
221.	Units 3 and 4, No. 61 Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 石河子市 東一路61號3及4室	The property comprises 2 units of a 6-storey commercial building erected over a single-storey basement completed in 2005. The total gross floor area ("GFA") of the property is approximately 519.78 sq.m. The land use rights of the property will be granted for a term expiring on 3 June 2053 for composite use.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to 2 Commodity Real Estate Sales Contract（商品房買賣合同）entered into between Xinjiang Tongyuan Industrial Company Limited Shihezi Real Estate Branch（新疆通遠實業有限公司石河子房地產分公司）and Shihezi Development Zone Xinjie Gas Company Limited（石河子開發區新捷燃氣有限責任公司）("Shihezi Gas") both dated 25 December 2009, the earlier has agreed to transfer to Shihezi Gas the property at a total consideration of RMB2,025,660.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Shihezi Gas is a 69.01%-owned subsidiary of the Company.

222.	Level 2, No. 63-A Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 石河子市 東一路63-A號二樓	The property comprises Level 2 of a 6-storey commercial building erected over a single-storey basement completed in 2003. The gross floor area ("GFA") of the property is approximately 3,202.31 sq.m.	The property is vacant.	12,800,000

Notes:

1. Pursuant to a Debt Payment Agreement dated 17 December 2009, the property was contracted to be transferred to Xinjiang Xinjie Company Limited（新疆新捷股份有限公司）("Xinjiang Xinjie") at a consideration of RMB9,606,930.

2. Pursuant to a Building Ownership Certificate（房屋所有權證）, Shi Fang Quan Zheng Shi Zi Di No. 00158526（石房權證市字第00158526號）, the building ownership rights of the property with a GFA of approximately 3,202.31 sq.m. are legally owned by Xinjiang Xinjie.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The building of the property with building ownership certificate can be used, transferred, leased and mortgaged.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
223.	A Gas Filling Station located at 4th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 4號小區 之一個加氣站	The property comprises a land parcel with a site area of approximately 2,482.1 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2004 and 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 970.8 sq.m. The land use rights of the property have been granted for a term expiring on 20 November 2048 for commercial use.	The property is occupied by the Group as a gas filling station.	1,430,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract dated 21 November 2009, the land use rights of the property with a site area of approximately 2,482.1 were contracted to be granted to Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") at a land premium of RMB1,452,277 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Shi Shi Guo Yong (2008) Di No. 04000032 dated 5 December 2008, the land use rights of the property with a site area of approximately 2,482.1 sq.m. have been granted to Xinjie Gas for a term expiring on 20 November 2048 for commercial use.

3. For the 2 buildings of the property with a total GFA of approximately 970.8 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
224.	A Gas Filling Station located at 29th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 29號小區 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,859.19 sq.m. and 3 building and various ancillary structures completed in various stages between 1989 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 850 sq.m. The land use rights of the property have been granted for a term expiring on 23 November 2048 for public utilities use.	The property is occupied by the Group as a gas filling station.	900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shi Shi Guo Yong (2008) Di No. 04000032 dated 4 December 2008, the land use rights of the property with a site area of approximately 3,859.19 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 23 November 2048 for public utilities use.

2. For the 3 buildings of the property with a total GFA of approximately 850 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
225.	A Natural Gas Gate & Filling Station located at 38th Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 38號小區 之一個天然氣門站及加氣站	The property comprises a land parcel with a site area of approximately 17,272.55 sq.m. and 8 buildings and various ancillary structures completed in various stages between 2000 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 525 sq.m. The land use rights of the property have been granted for a term expiring on 20 November 2058 for industrial use.	The property is occupied by the Group as a natural gas gate and filling station.	4,240,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Shi Shi Guo Yong (2008) Di No. 06170002 (石市國用(2008)第06170002號) dated 5 December 2008, the land use rights of the property with a site area of approximately 17,272.55 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 20 November 2058 for industrial use.

2. For the 8 buildings of the property with a total GFA of approximately 525 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
226.	A Pump Station located at 7th Company, 147th Regiment, 8th Agriculture Division, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 農八師一四七團七連之 一個泵站	The property comprises a land parcel with a site area of approximately 980 sq.m. and a building and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the building is approximately 602 sq.m. The land use rights of the property have been granted for a term expiring on 20 November 2048 for commercial use.	The property is occupied by the Group as a pump station.	130,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Shi Guo Yong (2008 Chu) Zi Di No. 147008 (師國用(2008出)字第147008號) dated 5 December 2008, the land use rights of the property with a site area of approximately 980 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 20 November 2048 for commercial use.

2. For the building of the property with a GFA of approximately 602 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
227.	A Gas Filling Station located at Lao Street, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 老街 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,780 sq.m. and 2 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the building is approximately 162 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Sha Cheng Gui 2007 Di No. 080 (沙城規2007第080號), Shawan County Atlan Gas Company Limited (沙灣縣阿特蘭燃氣有限責任公司) ("Atlan") is permitted to use the land with a site area of approximately 1,780 sq.m. for the construction of the property.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Atlan is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
228.	A Gas Filling Station located at West Park Road, Sandaohezi Town, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 三道河子鎮 西公園路 之一個加氣站	The property comprises a land parcel with a site area of approximately 15,613.06 sq.m. and 3 buildings and various ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,088 sq.m. The land use rights of the property have been granted for a term expiring on 21 September 2035 for industrial use.	The property is occupied by the Group as a gas filling station.	1,270,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate（國有土地使用證), Sha Guo Yong (2008) Di No. 000003866（沙國用(2008)第000003866號）dated 20 May 2008, the land use rights of the property with a site area of approximately 15,613.06 sq.m. have been granted to Shawan County Baojie Gas Company Limited（沙灣縣寶捷燃氣有限責任公司）("Baojie") for a term expiring on 21 September 2035 for industrial use.

2. For the 3 buildings of the property with a total GFA of approximately 1,088 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Baojie is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
229.	A CNG Master Station located at Hutubi County, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 呼圖壁縣 之一個壓縮天然氣總站	The property comprises a land parcel with a site area of approximately 87,271 sq.m. and 5 buildings and various ancillary structures completed in various stages between 2001 and 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 355 sq.m. The land use rights of the property have been granted for a term expiring on 23 July 2041 for industrial use.	The property is occupied by the Group as a CNG master station.	970,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Hu Guo Yong (2007) Di No. 0390 (呼國用(2007)第0390號) dated 3 July 2007, the land use rights of the land parcel of the property with a site area of approximately 87,271 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 23 July 2041 for industrial use.

2. For the 5 buildings of the property with a total GFA of approximately 355 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
230.	A Gas Filling Station located at No. 85 Century Main Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 世紀大道85號 之一個加氣站	The property comprises a land parcel with a site area of approximately 6,402.14 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 796 sq.m. The land use rights of the property have been granted for a term expiring on 14 July 2049 for commercial use.	The property is occupied by the Group as a gas filling station.	2,380,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2009) Di No. 03005831 dated 1 December 2009, the land use rights of the land parcel of the property with a site area of approximately 6,402.14 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited Karamay Branch（新疆新捷燃氣有限責任公司克拉瑪依分公司）("Xinjie Gas Karamay") for a term expiring on 14 July 2049 for commercial use.

2. For the building of the property with a GFA of approximately 796 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Xinjie Gas Karamay is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
231.	A CNG Master & Gas Filling Station located at No. 4 A Shan Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 阿山路4號 之一個壓縮天然氣母站及 一個加氣站	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 11,755.76 sq.m. and 4 buildings and various ancillary structures completed in various stages between 2001 and 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,150.47 sq.m. The land use rights of the property have been granted for terms with the earliest expiry date on 10 December 2047 for commercial use.	The property is occupied by the Group as a CNG master station and a gas filling station.	4,580,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2009) Di No. 03000171 dated 24 February 2009, the land use rights of Land Parcel I of the property with a site area of approximately 3,911.25 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 13 November 2048 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2009) Di No. 03001777 dated 22 June 2009, the land use rights of Land Parcel II of the property with a site area of approximately 7,844.51 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited Karamay Branch (新疆新捷燃氣有限責任公司克拉瑪依分公司) ("Xinjie Gas Karamay") for a term expiring on 10 December 2047 for commercial use.

3. Pursuant to 3 Building Ownership Certificates, Ke Shi Fang Quan Zheng Ke La Ma Yi Qu Zi Di Nos. 00019158, 000019160 and 00019161 all dated 14 March 2003, the building ownership rights of 2 buildings of the property with a total GFA of approximately 324.47 sq.m. are legally owned by Xinjiang Xinjie.

4. For the remaining 2 buildings of the property with a total GFA of approximately 826 sq.m., we have not been provided with any title certificates.

5. In the valuation of the property, we have attributed no commercial value to the buildings stated in Note 4 as relevant title certificates of the buildings have not been obtained.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcels and the buildings of the property is not subject to mortgages or any other material encumbrances;

   b. The grantees of the land use rights have the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

7. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company and Xinjie Gas Karamay is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
232.	A Gas Filling Station located at No. 36 West Ring Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 西環路36號 之一個加氣站	The property comprises a land parcel with a site area of approximately 5,322.24 sq.m. and 2 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 819.34 sq.m. The land use rights of the property have been granted for a term expiring on 13 February 2047 for commercial use.	The property is occupied by the Group as a gas filling station.	3,210,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Qu Guo Yong (2007) Di No. 0195 dated 27 February 2007, the land use rights of the land parcel of the property with a site area of approximately 5,322.24 sq.m. have been granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term expiring on 13 February 2047 for commercial use.

2. Pursuant to 2 Building Ownership Certificates, Ke Shi Fang Quan Zheng Ke La Ma Yi Qu Zi Di Nos. 00137509 and 00137510, both dated 14 February 2007, the building ownership rights of the property with a total GFA of approximately 819.34 sq.m. are legally owned by Xinjie Gas.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the buildings of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
233.	A Gas Filling Station located at No. 10 Tong Xun Road Jia, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 通訊路甲10號 之一個加氣站	The property comprises a land parcel with a site area of approximately 4,874.33 sq.m. and 2 buildings and various ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 537.32 sq.m. The land use rights of the property have been granted for a term expiring on 13 November 2048 for commercial use.	The property is occupied by the Group as a gas filling station.	2,770,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2009) Di No. 03000170 dated 24 February 2009, the land use rights of the land parcel of the property with a site area of approximately 4,874.33 sq.m. have been granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term expiring on 13 November 2048 for commercial use.

2. Pursuant to 2 Building Ownership Certificates, Ke Shi Fang Quan Zheng Ke La Ma Yi Qu Zi Di Nos. 00118247 and 00118248, both dated 17 January 2006, the building ownership rights of the property with a total GFA of approximately 537.32 sq.m. are legally owned by Xinjiang Xinjie.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the building of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
234.	An Office Building located at No. 6 Hong Shan Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 紅山路6號 之一幢辦公樓	The property comprises a land parcel with a site area of approximately 4,469.01 sq.m. and a 5-storey office building completed in 1997 erected thereon. The total gross floor area ("GFA") of the building is approximately 2,644 sq.m. The land use rights of the property have been granted for a term expiring on 20 August 2050 for industrial use.	The property is occupied by the Group for office purpose.	2,770,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2001) Zi Di No. 1304 dated 23 May 2001, the land use rights of the land parcel of the property with a site area of approximately 4,469.01 sq.m. have been granted to HAFNIUM (Xingang) Petroleum Development Company (HAFNIUM(新港)石油開發公司) ("HAFNIUM Petroleum") for a term expiring on 20 August 2050 for industrial use.

2. Pursuant to a Building Ownership Certificate, Ke Shi Fang Quan Zheng Ke La Ma Yi Qu Zi Di No. 00098029, dated 5 November 2001, the building ownership rights of the property with a total GFA of approximately 2,644 sq.m. are legally owned by HAFNIUM Petroleum.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the building of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The building of the property with building ownership certificate can be used, transferred, leased and mortgaged.

4. HAFNIUM Petroleum is a 54%-owned subsidiary of the Company.

235.	A CNG Master Station located at Urho District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 烏爾禾區 之一個壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 13,045 sq.m. and 5 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 959.29 sq.m.	The property is occupied by Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") as a CNG master station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
236.	A Gas Filling Station located at Qindel Street, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 博樂市 青得里大街 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,389.32 sq.m. and a building and various ancillary structures completed in 2007 erected thereon. The gross floor area ("GFA") of the building is approximately 216 sq.m. The land use rights of the property haven been granted for a term expiring on 9 March 2046 for commercial use.	The property is occupied by the Group as a gas filling station.	540,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 10 March 2006, the land use rights of the property with a site area of approximately 3,342.02 sq.m. were contracted to be granted to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") for a term of 40 years at a land premium of RMB400,000 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Bo Le Shi Guo Yong (2009) Di No. 329 dated 6 November 2009, the land use rights of the property with a site area of approximately 3,389.32 sq.m. have been granted to Xinjie Gas for a term expiring on 9 March 2046 for commercial use.

3. For the building of the property with a GFA of approximately 216 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the building stated in Note 3 as relevant title certificates of the building have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
237.	A Gas Filling Station located at Jinghe County, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 精河縣 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,658.2 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 566 sq.m.	The property is occupied by Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") as a gas filling station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

238.	A Gas Filling Station located at No. 798 Xin Cheng East Road, Piqan County, Turpan Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 吐魯番地區 鄯善縣 新城東路798號 之一個加氣站	The property comprises a land parcel with a site area of approximately 11,832 sq.m. and 5 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 527.64 sq.m. The land use rights of the property have been granted for a term expiring on 7 November 2027 for commercial use.	The property is occupied by the Group as a gas filling station.	2,930,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Bo Le Shi Guo Yong (2009) Di No. 329 (鄯國用(2005)第022號), the land use rights of the property with a site area of approximately 11,832 sq.m. have been granted to Piqan County Anjie Gas Company Limited (鄯善縣安潔燃氣有限責任公司) ("Anjie Gas") for a term expiring on 7 November 2027 for commercial use.

2. Pursuant to 5 Building Ownership Certificates (房屋所有權證), Shan Fang Quan Zheng Shi Yi Qu Zi Di Nos. 00013852 to 00013856, the building ownership rights of the 5 buildings of the property with a total GFA of approximately 527.64 sq.m. are legally owned by Anjie Gas.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the buildings of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Anjie Gas is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
239.	A Gas Gate & Filling Station located at West of East Ring Road, Mori Kazakh Autonomous County, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 木壘哈薩克自治縣 東環路西側 之一個天然氣門站及加氣站	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 6,400 sq.m. and 2 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 280 sq.m. The land use rights of Land Parcel I of the property will be granted for a term of 40 years for commercial use.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) dated 13 October 2010, the land use rights of Land Parcel I of the property with a site area of approximately 3,200 sq.m. were contracted to be granted to Mori Xinjie Gas Company Limited (木壘縣新捷燃氣有限責任公司) ("Mori Gas") for a term of 40 years commencing on 15 October 2010 at a land premium of RMB403,200 for commercial use.

2. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Mu Gui Di Zi Di No. 2010-06 (木規地字第2010-06號), dated 12 April 2010, Mori Gas is permitted to use Land Parcel II with a site area of 3,200 sq.m. for industrial use.

3. Pursuant to a Construction Work Planning Permit (建設工程規劃許可證), Mu Gui Zi No. 2010-11 (木規字編號2010-11), dated 21 June 2010, buildings with a total GFA of approximately 1,000 sq.m. is permitted to be developed by Mori Gas.

4. Pursuant to a Construction Works Commencement Permit (建築工程施工許可證), No. 652328201007100101 (編號652328201007100101), dated 10 July 2010, the buildings of the property with a planned GFA of approximately 280 sq.m. were permitted to commence.

5. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

7. Mori Gas is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
240.	A Gas Distribution & Filling Station located at No. 136 Bei Jing West Road, Kuytun City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 伊犁哈薩克自治州 奎屯市 北京西路136號 之一個天然氣分輸站 及加氣站	The property comprises 2 continuous land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 3,740 sq.m. and 2 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 143.26 sq.m. The land use rights of the property have been granted for terms with the earliest expiry date on 1 March 2044 for commercial use.	The property is occupied by the Group as a gas distribution and filling station.	940,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Kui Guo Yong (2004) Di No. 11181243 dated 25 November 2004, the land use rights of Land Parcel I of the property with a site area of approximately 2,540 sq.m. have been granted to Xinjiang Teibo Energy Resource Company Limited (新疆天北能源有限責任公司) ("Teibo") for a term expiring on 1 March 2044 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Kui Guo Yong (081117) Di No. 03090 dated 17 November 2008, the land use rights of Land Parcel II of the property with a site area of approximately 1,200 sq.m. have been granted to Teibo for a term expiring on 16 November 2048 for commercial use.

3. Pursuant to 2 Building Ownership Certificates, Kui Zi Nos. 00026318 and 00026319, the building ownership rights of the 2 buildings of the property with a GFA of approximately 143.26 sq.m. are legally owned by Teibo.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcels and the buildings of the property are not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

5. Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
241.	A Gas Filling Station located at No. 518 Bei Jing East Road, Wusu City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 伊犁哈薩克自治州 烏蘇市 北京東路518號 之一個加氣站	The property comprises a land parcel with a site area of approximately 66,008.9 sq.m. and 3 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 477.4 sq.m. The land use rights of the property have been granted for a term expiring on 4 July 2036 for industrial use.	The property is occupied by the Group as a gas filling station.	3,760,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wu Su Guo Yong (2007) Di No. 00000253 dated 11 July 2007, the land use rights of the property with a site area of approximately 66,008.9 sq.m. have been granted to Xinjiang Teibo Energy Resource Company Limited（新疆天北能源有限責任公司）("Teibo") for a term expiring on 4 July 2036 for industrial use.

2. Pursuant to a Building Ownership Certificate, Wu Su Shi 2007 Di No. 00019946, the building ownership rights of the 3 buildings of the property with a total GFA of approximately 477.4 sq.m. are legally owned by Xinjiang Wusu Teibo Energy Resource Company Limited（新疆烏蘇天北能源有限責任公司）("Wusu Teibo").

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel and the buildings of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Teibo is a 35.19%-owned subsidiary of the Company and Wusu Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
242.	A Gas Filling Station located at No. 3919 312th State Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 312國道3919號 之一個加氣站	The property comprises 3 continuous land parcels (Land Parcels I, II and III) with a total site area of approximately 20,872.33 sq.m. and 8 buildings and various ancillary structures completed in various stages between 1992 and 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 3,312.48 sq.m. The land use rights of the property have been granted for various terms with the earliest expiry date on 27 May 2047 for commercial and industrial uses respectively.	The property is occupied by the Group as a gas filling station.	5,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Du Guo Yong (2006) Di No. 183 dated 16 November 2006, the land use rights of Land Parcel I of the property with a site area of approximately 8,647.02 sq.m. have been granted to Xinjiang Teibo Energy Resource Company Limited（新疆天北能源有限責任公司）("Teibo") for a term expiring on 13 December 2053 for industrial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Ke Du Guo Yong (2007) Di No. 219 dated 26 November 2007, the land use rights of Land Parcel II of the property with a site area of approximately 2,624.41 sq.m. have been granted to Teibo for a term expiring on 27 May 2047 for commercial use.

3. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2008) Di No. 2000012 dated 25 January 2008, the land use rights of Land Parcel III of the property with a site area of approximately 9,600.9 sq.m. have been granted to Teibo for a term expiring on 18 August 2053 for industrial use.

4. Pursuant to 7 Building Ownership Certificates, Ke Shi Du Shan Zi Qu Zi Di Nos. 00118849 to 00118855, the building ownership rights of 7 buildings of the property with a total GFA of approximately 3,202.48 sq.m are legally owned by Teibo.

5. For the remaining building of the property with a GFA of approximately 110 sq.m., we have not been provided with any title certificates.

6. In the valuation of this property, we have attributed no commercial value to the building stated in Note 5 as relevant title certificates of the building have not been obtained.

7. Pursuant to a Real Estate Mortgage Contract, Ke Fang Di (Du) Ya Zi No. (20101239) dated 11 October 2010, the property is subject to a mortgage in favour of Agricultural Bank of China Company Limited Karamay Dushanzi Branch（中國農業銀行股份有限公司克拉瑪依獨山子支行）as a security for a loan at the amount of RMB5,500,000.

8. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

9. Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
243.	A land parcel and an Office Building located at No. 29 Shao Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 韶山路29號 之一塊土地及一幢辦公大樓	The property comprises a land parcel with a site area of approximately 4,109.54 sq.m. and a 2-storey office building completed in 2009 erected thereon. The gross floor area ("GFA") of the building is approximately 6,521.46 sq.m. The land use rights of the property have been granted for a term expiring on 27 September 2045 for commercial use.	The property is occupied by the Group for office purpose.	1,240,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2008) Di No. 02000716 dated 2 February 2009, the land use rights of the property with a site area of approximately 4,109.54 sq.m. have been granted to Xinjiang Teibo Energy Resource Company Limited（新疆天北能源有限責任公司）("Teibo") for a term expiring on 27 September 2045 for commercial use.

2. For the building of the property with a GFA of approximately 6,521.46 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
244.	A Gas Filling Station located at No. 1-1 Shao Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 韶山路1-1號 之一個加氣站	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 4,299.92 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2005 and 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 343.54 sq.m. The land use rights of the property have been granted for terms with the earliest expiry date on 13 September 2044 for commercial use.	The property is occupied by the Group as a gas filling station.	1,670,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ke Du Guo Yong (2005) Di No. 172 dated 12 August 2005, the land use rights of Land Parcel I of the property with a site area of approximately 1,888 sq.m. have been granted to Xinjiang Teibo Energy Resource Company Limited (新疆天北能源有限責任公司) ("Teibo") for a term expiring on 13 September 2044 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Ke Guo Yong (2008) Di No. 02000718 dated 14 January 2009, the land use rights of Land Parcel II of the property with a site area of approximately 2,411.92 sq.m. have been granted to Teibo for a term expiring on 25 October 2046 for commercial use.

3. Pursuant to a Building Ownership Certificate, Ke Shi Du Shan Zi Qu No. 00122422, the building ownership rights of the 2 buildings of the property with a total GFA of approximately 343.54 sq.m. are legally owned by Teibo.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcels and the buildings of the property are not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificate can be used, transferred, leased and mortgaged.

5. Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
245.	A CNG Gate Station located at the western side of Huanghe Road, Gaoqing County, Zibo City, Shandong Province, The PRC 位於中國山東省 淄博市高青縣 黃河路西首 之一個壓縮天然氣分輸站	The property comprises a land parcel with a site area of approximately 15,881 sq.m. and a building and various ancillary structures completed in 2004 erected thereon. The gross floor area ("GFA") of the building of the property is approximately 997 sq.m. The land use rights of the property have been granted for a term expiring on 6 August 2053 for public utility use.	The property is occupied by the Group as a CNG gate station.	3,050,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Gao Guo Yong (2003) Zi Di No. Zhao-0307 dated 27 December 2003, the land use rights of the property with a site area of approximately 15,881 sq.m. have been granted to Zibo Jinjie Natural Gas Pipeline Transportation Services Company Limited (淄博金捷天然氣管道運輸服務有限責任公司) ("Zibo Jinjie") for a term expiring on 6 August 2053 for public utility use.

2. For the building of the property with a GFA of approximately 997 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in No. 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Zibo Jinjie is a 52.52%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
246.	A Gas Filling Station located at the east of East Ring Road, Gaoqing County, Zibo City, Shandong Province, The PRC 位於中國山東省淄博市高青縣東外環路以東之一個加氣站	The property comprises a land parcel with a site area of approximately 5,097.2 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building of the property is approximately 946 sq.m. The land use rights of the property have been granted for a term expiring on 7 July 2059 for industrial use.	The property is occupied by the Group as a gas filling station.	850,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Gao Guo Yong (2009) Di No. 1140 dated 22 October 2009, the land use rights of the property with a site area of approximately 5,097.2 sq.m. have been granted to Zibo Jinjie Natural Gas Pipeline Transportation Services Company Limited（淄博金捷天然氣管道運輸服務有限責任公司）("Zibo Jinjie") for a term expiring on 7 July 2059 for industrial use at a land premium of RMB850,000.

2. For the building of the property with a GFA of approximately 946 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the building stated in No. 2 as relevant title certificates of the building have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Zibo Jinjie is a 52.52%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
247.	A CNG Gate Station located at No. 1698 Le An Street, Pangjia Town, Boxing County, Zibo City, Shandong Province, The PRC 位於中國山東省 淄博市博興縣 龐家鎮 樂安大街1698號 之一個壓縮天然氣門站	The property comprises a parcel of land with a site area of approximately 18,154 sq.m. and a building and various ancillary structures completed in about 2005 erected thereon. The gross floor area ("GFA") of the building of the property is approximately 955 sq.m. The land use rights of the property have been granted for a term expiring on 1 March 2054 for industrial use.	The property is occupied by the Group as a CNG gate station.	1,850,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Bo Guo Yong (2007) Di No. 1010004-0001, the land use rights of the property with a site area of approximately 18,154 sq.m. have been granted to Shandong Province Boxing County Jinjie Natural Gas Pipeline Transportation Services Company Limited（山東省博興縣金捷天然氣管道運輸服務有限責任公司）("Boxing Jinjie") for a term expiring on 1 March 2054 for industrial use.

2. Pursuant to a Construction Land Planning Permit, Lu Bo Gui Zi 2003-019, dated 29 December 2003, Boxing Jinjie is permitted to use the land with a site area of approximately 40.59 mu for the construction of the property.

3. Pursuant to a Construction Work Planning Permit, Lu Bo Gui Zi 2004-011, dated 22 April 2004, the building of the property with a GFA of approximately 955 sq.m. is permitted to be developed by Boxing Jinjie.

4. In the valuation of this property, we have attributed no commercial value to the building as relevant title certificates of the building have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Boxing Jinjie is a 63.22%-owned subsidiary of the Company.

248.	2 buildings and various structures located at Jia 1 No. 182 Zhong Xin Road, Zhangdian District, Zibo City, Shandong Province, The PRC 中國山東省 淄博市張店區 中心路182號甲1 之二幢房屋及若干構築物	The property comprises 2 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings of the property is approximately 160 sq.m..	The property is occupied by Zibo Chengzhi Gas Company Limited（淄博誠摯燃氣有限公司）("Chengzhi") as a gas filling station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as the title of land is not vested in Chengzhi on which the property is erected.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Chengzhi is a 35.61%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
249.	A Gas Filling Station located at Xin Long Street South, Jibei Development Zone, Jiyang County, Jinan City, Shandong Province, The PRC 位於中國山東省濟南市濟陽縣濟北開發區興隆街南之一個加氣站	The property comprises a land parcel with a site area of approximately 8,850.85 sq.m. and a building and various ancillary structures completed in 2005 erected thereon. The gross floor area ("GFA") of the building of the property is approximately 414 sq.m. The land use rights of the property have been granted for a term expiring on 3 March 2054 for industrial use.	The property is occupied by the Group for gas station purpose.	1,160,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ji Yang Guo Yong (2009) Di No. 521 dated 10 September 2009, the land use rights of the property with a site area of approximately 8,850.85 sq.m. have been granted to Shandog Jinjie Gas Company Limited（山東金捷燃氣有限責任公司）("Shandong Jinjie") for a term expiring on 3 March 2054 for industrial use.

2. Pursuant to a Construction Work Planning Permit, Jian Zi Di No. 37 (2009) 01-09-0903, the building with a total GFA of approximately 410.4 sq.m. is permitted to be developed by Shandong Jinjie.

3. Pursuant to a Construction Works Commencement Permit, Ji Jian Zi No. 2009-12-04G dated 22 December 2009, the construction work of the building with a planned GFA of approximately 414 sq.m. was permitted to commence.

4. For the building of the property with a GFA of approximately 414 sq.m., we have not been provided with any title certificates.

5. In the valuation of this property, we have attributed no commercial value to the building stated in Note 4 as relevant title certificates of the building have not been obtained.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

7. Shandong Jinjie is a 63.22%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
250.	A Gas Filling Station located at No. 25 Chuang Ye Road, Urban Industrial Zone, Shanghe County, Jinan City, Shandong Province, The PRC 位於中國山東省濟南市商河縣城區產業園創業路25號之一個加氣站	The property comprises a land parcel with a site area of approximately 6,735 sq.m. and 2 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings of the property is approximately 244 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 25 August 2050 for other commercial services use.	The property is occupied by the Group as a gas filling station.	1,270,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, the land use rights of the property with a site area of approximately 6,735 sq.m. were contracted to be granted to Jinan Jinjie Natural Gas Sales Company Limited (濟南金捷天然氣銷售有限責任公司) ("Jinan Jinjie") at a land premium of RMB1,270,000 for a term of 40 years commencing on 26 August 2010 for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate, Shang Guo Yong (2010) Di No. 103 dated 25 June 2010, the land use rights of the property with a site area of approximately 6,735 sq.m. have been granted to Jinan Jinjie for a term expiring on 25 August 2050 for other commercial services use.

3. Pursuant to a Construction Work Planning Permit, Jian Zi Di No. 3701102010014 dated 20 August 2010, the buildings with a total GFA of approximately 244 sq.m. is permitted to be developed by Jinan Jinjie.

4. Pursuant to a Construction Works Commencement Permit, No. Shang Jian Shi 2009-038, the construction work of buildings with a planned GFA of approximately 637 sq.m. was permitted to commence.

5. For the 2 buildings of the property with a total GFA of approximately 244 sq.m., we have not been provided with any title certificates.

6. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 5 as relevant title certificates of the buildings have not been obtained.

7. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

8. Jinan Jinjie is a 63.22%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
251.	A CNG Gate Station located at west of Peng Jia Village, Shanghe County, Jinan City, Shandong Province, The PRC 位於中國山東省 濟南市商河縣 彭家村以西之 一個壓縮天然氣門站	The property comprises a land parcel with a site area of approximately 5,484 sq.m. and 2 buildings and various ancillary structures completed in various stages between 2003 to 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 333.48 sq.m. The land use rights of the property have been granted for a term expiring on 23 December 2053 for composite use.	The property is occupied by the Group for gate station use.	450,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Shang Guo Yong (2004) Di No. 0713 dated 4 June 2004, the land use rights of the property with a site area of approximately 5,484 sq.m. have been granted to Shandog Jinjie Gas Company Limited (山東金捷燃氣有限責任公司) ("Shandong Jinjie") for a term expiring on 23 December 2053 for composite use.

2. In the valuation of this property, we have attributed no commercial value to the buildings as relevant title certificates of the buildings have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

4. Shandong Jinjie is a 63.22%-owned subsidiary of the Company.

252.	A land parcel located at west of Zhiyangxian, Shagedu Town, Zhungeer Economic Development Zone, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 准格爾經濟開發區 沙圪堵鎮 指羊線西 之一塊土地	The property comprises a vacant land parcel with a site area of approximately 30,003 sq.m. The land use rights of the property have been granted for a term expiring on 28 July 2058 for gas filling station use.	The property is vacant.	12,710,000

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 2 December 2009, the land use rights of the property with a site area of approximately 30,003 sq.m. were contracted to be transferred to Inner Mongolia Huayou Natural Gas Company Limited (內蒙古華油天然氣有限責任公司) ("Inner Mongolia Huayou") at a consideration of RMB12,601,260.

2. Pursuant to a State-owned Land Use Rights Certificate, Zhun Sha Guo Yong (2010) Di No. 022 dated 27 January 2010, the land use rights of the property with a site area of approximately 30,003 sq.m. have been granted to Inner Mongolia Huayou for a term expiring on 28 July 2058 for industrial use.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
253.	A Gas Filling Station located at the southern side of Huanghe Street and the eastern side of Laodong Road, Rare Earth Elements High Technology Zone, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區稀土高新區黃河大街以南、勞動路以東之一個加氣站	The property comprises a land parcel of approximately 3,132.04 sq.m. and 3 buildings and ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 408.92 sq.m. The land use rights of the property have been granted for a term expiring on 14 September 2046 for commercial use.	The property is occupied by the Group as a gas filling station.	4,560,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Bao Gao Xin Guo Yong (2010) Di No. 014 dated 15 January 2010, the land use rights of the property with a site area of approximately 3,132.04 sq.m. have been granted for a term expiring on 14 September 2046 to Baotou Huaqi New Energy Development Company Limited (包頭華氣新能源開發有限責任公司) ("Baotou Huaqi") for commercial use.

2. For the 3 buildings of the property with a total GFA of approximately 408.92 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
254.	A Liquefied Gas Filling Station located at Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 烏海市 千里山工業園之 一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 42.12 mu. and 2 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 305 sq.m.	The property is occupied Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限公司) ("Wuhai Huayou") as a liquefied natural gas filling station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

255.	A Liquefied Natural Gas Filling Station located at north of Electricity Station, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 烏海市海勃灣區 電廠北之 一個加氣站	The property comprises a land parcel with a site area of approximately 7 mu. and 3 buildings and various ancillary structures completed in 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 57.6 sq.m.	The property is occupied Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限公司) ("Wuhai Huayou") as a liquefied natural gas filling station.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
256.	A CNG Master Station located at the northern side of Xincheng North Street and the southern side of Zhanqian Road, Shulinzhao Town, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區鄂爾多斯市樹林召鎮新城北街北側、站前路東側之一個壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 7,200 sq.m. and 3 buildings and various ancillary structures completed in various stages between 2003 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 843.8 sq.m. The land use rights of the property have been granted for a term expiring on 1 April 2052 for composite use.	The property is occupied by the Group as a CNG master station.	2,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Da Guo Yong (2005) Di No. 5768 dated 23 December 2005, the land use rights of the property with a site area of approximately 7,200 sq.m. have been granted to Ordos City Huaqi Dachang Company Limited（鄂爾多斯市華氣達昌燃氣有限責任公司）("Huaqi Dachang") for a term expiring on 1 April 2052 for composite use.

2. Pursuant to a Building Ownership Certificate, Fang Quan Zheng 2006 Zi Di 17826, the building ownership rights of a building with a GFA of approximately 300.8 sq.m. are legally owned by Huaqi Dachang.

3. For the remaining 2 buildings of the property with a total GFA of approximately 543 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The buildings of the property with building ownership certificate can be used, transferred, leased and mortgaged.

6. Huaqi Dachang is a 30.61%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
257.	A Gas Filling Station located at north of Ordos West Street, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區鄂爾多斯西街南之一個加氣站	The property comprises a land parcel with a site area of approximately 4,570.2 sq.m. and certain buildings and ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings of is approximately 498.8 sq.m. The land use rights of the property have been granted for a term expiring on 20 October 2045 for commercial use.	The property is occupied by the Group as a gas filling station.	1,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (2006) Di No. Chu Rang 096 dated 21 June 2006, the land use rights of the property with a site area of approximately 4,570.2 sq.m. have been granted to Ordos Huaqi Xinsheng Gas Technology Company Limited (鄂爾多斯市華氣新聖燃氣技術有限公司) ("Huaqi Xinsheng") for a term expiring on 20 October 2045 for commercial use.

2. For the buildings of the property with a total GFA of approximately 498.8 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Huaqi Xinsheng is a 48.46%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
258.	A Gas Filling Station located at the southern side of Express Road Exit, Shilu Town, Changjiang Li Autonomous County, Hainan Province, The PRC 位於中國海南省昌江黎族自治縣石碌鎮高速公路出口路南側之一個加氣站	The property comprises a land parcel with a site area of approximately 2,975 sq.m. and certain buildings and ancillary structures completed in 2008 erected thereon. The land use rights of the property have been allocated for clean energy infrastructure use.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Chang Guo Yong (2008) Di No. 0020 dated 9 April 2008, the land use rights of the property with a site area of approximately 2,975 sq.m. have been allocated to Hainan Hairan Jiarun Natural Gas Company Limited (海南海然嘉潤天然氣有限公司) ("Hairan Jiarun") for clean energy infrastructure use.
2. For the buildings of the property, we have not been provided with any title certificates.
3. In the valuation of this property, we have attributed no commercial value to the property as nature of the land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and
   b. The property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.
5. Hairan Jiarun is a 58.01%-owned subsidiary of the Company.

259.	A Natural Gas Compression Station located at Renrong Village, Salt Operation Zone, Huaqiao Grain Farm, Chengmai County, Hainan Province, The PRC 位於中國海南省澄邁縣華僑農場鹽丁作業區仁榮村之一個天然氣壓縮站	The property comprises a parcel of land with a site area of approximately 13,337.74 sq.m. and 9 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area of the buildings of the property is approximately 2,000 sq.m. The land use rights of the property have been granted for a term expiring on 28 April 2066 for industrial use.	The property was occupied by the Group as a gas compression station.	2,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 10 March 2004, the land use rights of the property with a site area of approximately 20.016 mu were contracted to be granted to Yangpu CNPC Shennan Petrol Technology Development Company Limited (洋浦中油深南石油技術開發有限公司) ("Yangpu Shennan") at a land premium of RMB200,160.
2. Pursuant to a State-owned Land Use Rights Certificate, Hua Qiao Nong Chang Guo Yong (2005) Di No. 0135 dated 5 January 2006, the land use rights of the property with a site area of approximately 13,337.74 sq.m. have been granted to Yangpu Shennan for a term expiring on 28 April 2066 for industrial use.
3. For the 9 buildings of the property with a total GFA of approximately 2,000 sq.m., we have not been provided with any title certificates.
4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.
6. Yangpu Shennan is a 96.68%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
260.	A Petrol and Gas Filling Station located at 111 km East Line Expressway, Longgun Town, Wanning City, Hainan Province, The PRC 位於中國海南省萬寧市龍滾鎮東線高速公路111公里之一個加油加氣站	The property comprises a land parcel with a site area of approximately 3,095 sq.m. and certain buildings and various ancillary structures completed in 2005. The total gross floor area ("GFA") of the buildings of the property is 388 sq.m. The land use rights of the property have been granted for petrol filling station use.	The property is occupied by the Group as a petrol and gas filling station.	890,000

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 12 December 2009, the land use rights of the property were contracted to be transferred to CNPC Shennan Oil Technology Development Co., Ltd. (海南中油深南石油技術開發有限公司) ("CNPC Shennan") at a consideration of RMB500,000.
2. Pursuant to a State-owned Land Use Rights Certificate, Wan Guo Yong (2010) Di No. 101004 dated 5 March 2010, the land use rights of the property with a site area of approximately 3,095 sq.m. have been granted to CNPC Shennan for a term expiring on 5 December 2045 for petrol filling station use.
3. For the buildings of the property with a total GFA of approximately 388 sq.m., we have not been provided with any title certificates.
4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.
6. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

261.	A Gas Filling Station located at Haifu Road, Haikou City, Hainan Province, The PRC 位於中國海南省海口市海府路之一個加氣站	The property comprises a land parcel with a site area of approximately 2,000.1 sq.m. and a building and various ancillary structures completed in 2004 erected thereon. The gross floor area ("GFA") of the building is 100 sq.m. The land use rights of the property have been granted for a term expiring on 15 June 2043 for commercial use.	The property is occupied by the Group as a gas filling station.	900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hai Kou Shi Guo Yong (2003) Di No. 007991 dated 23 October 2003, the land use rights of the property with a site area of approximately 2,000.1 sq.m. have been granted to Haikou Dazhong Natural Gas Development Co., Ltd. (海口大眾天然氣開發利用有限公司) ("Haikou Dazhong") for a term expiring on 15 June 2043 for commercial use.
2. For the building of the property with a GFA of approximately 100 sq.m., we have not been provided with any title certificates.
3. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.
5. Haikou Dazhong is a 38.67% – owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
262.	A gas filling station located at the northern side of Haixiu Road, Haiko City, Hainan Province, The PRC 位於中國海南省海口市海秀路北側之一個加氣站	The property comprises a land parcel with a site area of approximately 3,978.03 sq.m. and a building and various ancillary structures completed in 2005 erected thereon. The gross floor area ("GFA") of the building of the property is approximately 100 sq.m. The land use rights of the property have been granted for a term expiring on 6 April 2058 for residential use.	The property is occupied by the Group as a gas filling station.	3,890,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hai Kou Shi Guo Yong (2004) Di No. 001180 dated 9 June 2004, the land use rights of the property with a site area of approximately 3,978.03 sq.m. have been granted to Haikou Dazhong Natural Gas Development Co., Ltd.（海口大眾天然氣開發利用有限公司）("Haikou Dazhong") for a term expiring on 6 April 2058 for residential use.

2. For the building of the property with a GFA of approximately 100 sq.m., we have not been provided with any title certificates.

3. As advised by the Group's PRC legal advisor, the existing use of the property violates the PRC laws and the Group might be subject to an order to apply for changing the designated land use of the land parcel. Since the land use rights certificate has been obtained by the Group, the possession of the land use rights would not be affected by the existing use. We have valued the land parcel based on the designated use in accordance with the land use rights certificate.

4. In the valuation of this property, we have attributed no commercial value to the building stated in Note 2 as relevant title certificates of the building have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Haikou Dazhong is a 38.67%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
263.	A Liquefied Natural Gas Plant located at Renrong Village, Salt Operation Zone, Chengmai Huaqiao Grain Farm, Hainan Province, The PRC 位於中國海南省澄邁華僑農場鹽丁作業區仁榮村之一個液化天然氣工廠	The property comprises a parcel of land with a site area of approximately 45,967.11 sq.m. and 2 buildings and structures completed in 2010 erected thereon. The total gross floor area of the buildings of the property is approximately 1,266.14 sq.m. The land use rights of the property have been granted for a term expiring on 30 March 2066 for industrial use.	The property is occupied by the Group as a LNG plant.	6,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Hua Qiao Nong Chang Guo Yong (2010) Di No. 0154 dated 14 October 2010, the land use rights of the property with a site area of approximately 45,967.11 sq.m. have been granted to CNPC Shennan Oil Techology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") for a term expiring on 30 March 2066 for industrial use.

2. Pursuant to 2 Building Ownership Certificates, Cheng Fang Quan Zheng Da Feng Gong Zi Di No. 2645 and 2646, the building ownership rights of 2 buildings with a total GFA of approximately 1,266.14 sq.m. are legally owned by CNPC Shennan.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
264.	A Gas Filling Station located beside Lulong Road, south of Luxian, Luzhou City, Sichuan Province, The PRC 位於中國四川省瀘州市瀘縣縣城南部瀘隆線旁之一個加油站	The property comprises a land parcel with a site area of approximately 2,667 sq.m. and 3 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area of the buildings is approximately 689 sq.m.	The property is occupied by Sichuan Chuangang Gas Company Limited（四川川港燃氣有限責任公司）("Chuangang") for industrial purpose.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Chuangang is a 51% – owned subsidiary of the Company.

265.	A Gas Filling Station located at No.533 Chengguan East Road, Pitong Town, Pi County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市郫縣郫筒鎮成灌東路533號一個加油站	The property comprises a land parcel with a site area of approximately 3,421.3 sq.m. and 4 buildings and various ancillary structures completed in 2000s erected thereon. The land use rights of the property have been granted for a term expiring on 3 September 2043 for commercial use.	The property is occupied by the Group as a gas filling station.	1,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pi Gao Yong (2005) Di No. 3542 dated 20 June 2005, the land use rights of the property with a site area of approximately 3,421.3 sq.m. have been granted to Pi County Huayou Natural Gas Technology Co., Ltd（郫縣華油天然氣科技有限公司）("Pi Huayou") for a term expiring on 3 September 2043 for commercial use.

2. For the buildings of the property, we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Pi Huayou is a 28.69% – owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
266.	Level 3, Sanli Company Building, No. 34 Martyrs Cemetery, Hejiang Country, Luzhou City, Sichuan Province, The PRC 中國四川省 瀘州市合江縣 烈士陵園34號 三力公司聯建房3樓	The property comprises Level 3 of a 5-storey residential building completed in 2004. The gross floor area of the property is approximately 325.38 sq.m. The land use rights of the property have been granted for a term expiring on 15 October 2038 for residential use.	The property is occupied by the Group as staff quarters.	900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, He Guo Yong (2004) Di No. 015531 dated 14 December 2004, the land use rights of the property with an apportioned site area of approximately 92.81 sq.m. have been granted to Hejiang Chuanyou Compressed Natural Gas Company Limited (合江川油壓縮天然氣有限公司) ("Hejiang Chuanyou") for a term expiring on 15 October 2038 for residential use.

2. Pursuant to a Building Ownership Certificate, Fang Quan Zheng He Fang Zi Di No. 1569 dated 3 November 2004, the building ownership rights of the property with a GFA of approximately 325.38 sq.m. are legally owned by Hejiang Chuanyou.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The building of the property with building ownership certificate can be used, transferred, leased and mortgaged.

4. Hejiang Chuanyou is a 21.75%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
267.	A Distribution Station located at Xin Qiao Chemical Industrial Park Area, Guangan City, Sichuan Province, The PRC 位於中國四川省廣安市新橋化工工業園區之一個輸配氣站	The property comprises a land parcel with a site area of approximately 13,767 sq.m. and a building completed in 2009 erected thereon. The gross floor area ("GFA") of the building is approximately 300 sq.m. The land use rights of the property have been granted for a term expiring on 4 February 2060 for industrial use.	The property is occupied by the Group for manufacturing use.	1,650,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, the land use rights of the property with a site area of approximately 13,767 sq.m. were contracted to be granted to PetroChina Guangan Natural Gas Co., Ltd. ("PetroChina Guangan") at a land premium of RMB1,692,530 for a term of 50 years for industrial use.

2. Pursuant to a State-owned Land Use Rights Certificate dated 4 February 2010, the land use rights of the property with a site area of approximately 13,767 sq.m. have been granted to PetroChina Guangan for a term expiring on 4 February 2060 for industrial use.

3. For the building of the property with a GFA of approximately 300 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the building stated in Note 3 as relevant title certificate of the building has not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. PetroChina Guangan is a 40.81%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
268.	A Gas Filling Station located at No. 368 Nanyi Road, Economic Development Zone, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市經開區南一路368號之一個加氣站	The property comprises a land parcel with a site area of approximately 4,666.67 sq.m. upon which a gas filling station with ancillary buildings and structures, completed in about 2010, were erected. The total gross floor area ("GFA") of the buildings is approximately 1,046.35 sq.m. The land use rights of the property have been granted for a term of 20 years expiring on 13 January 2029 for commercial use.	The property is newly completed and will be occupied by the Group as a CNG filling station.	4,320,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 6 January 2009, the land use rights of the property with a site area of approximately 4,666.67 sq.m. were contracted to be granted to Huayou Natural Gas Co., Ltd.（華油天然氣股份有限公司）("Huayou Gas") at a land premium of RMB3,500,000 for a term of 20 years for commercial use.

2. Pursuant to a State-owned Land Use Rights Certificate dated 1 February 2010, the land use rights of the property with a site area of approximately 4,666.67 sq.m. have been granted to Huayou Gas for a term expiring on 13 January 2029 for commercial use.

3. For the buildings of the property with a total GFA of approximately 1,046.35 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Huayou Gas is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
269.	A Well Site and various ancillary structures located at Youyu Village, Shouminxiang, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣壽民鄉有餘村之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,890 sq.m. The land use rights of the property have been obtained by Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for industrial use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, dated 21 January 2002, the land use rights of the property with a site area of approximately 1,890 sq.m. have been obtained by Huayou Maoyuan for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
270.	A Well Site and various ancillary structures located at Jin Xiang Village Qi She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣敦厚鄉金相村七社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 4,054 sq.m. The land use rights of the property have been obtained by Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for industrial use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, dated 16 November 2001, the land use rights of the property with a site area of approximately 4,054 sq.m. have been obtained by Huayou Maoyuan for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
271.	A Well Site and various ancillary structures located at Wu Hui Village Si She, Wuxing Town, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣五星鎮五會村四社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,344 sq.m. The land use rights of the property have been obtained by Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）for industrial use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, dated 29 January 2003, the land use rights of the property with a site area of approximately 1,344 sq.m. have been obtained by Huayou Maoyuan for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
272.	A Well Site and various ancillary structures located at Si She, Wu Hui Village, Wuxing Town, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣五星鎮五會村四社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 277 sq.m. The land use rights of the property have been obtained by Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for industrial use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, dated 29 January 2003, the land use rights of the property with a site area of approximately 277 sq.m. have been obtained by Huayou Maoyuan for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is uncertain and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
273.	A Well Site and various ancillary structures located at Jin Xiang Village Er She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣敦厚鄉金相村二社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,622.06 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for petrol natural gas facilities use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2004) Di No. 475 dated 14 October 2004, the land use rights of the property with a site area of approximately 1,622.06 sq.m. have been allocated to Huayou Maoyuan for petrol natural gas facilities use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

274.	A Well Site and various ancillary structures located at Ma Hu Village Wu She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣敦厚鄉馬湖村五社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,037.9 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for petrol natural gas facilities use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2004) Di No. 472 dated 14 October 2004, the land use rights of the property with a site area of approximately 1,037.9 sq.m. have been allocated to Huayou Maoyuan for petrol natural gas facilities use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
275.	A Well Site and various ancillary structures located at Bai Ma Village Er She, Dun Hou Xiang, Pujiang County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣敦厚鄉白馬村二社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,148.62 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for petrol natural gas facilities use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2004) Di No. 473 dated 14 October 2004, the land use rights of the property with a site area of approximately 1,148.62 sq.m. have been granted to Huayou Maoyuan for petrol natural gas facilities use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

276.	A Well Site and various ancillary structures located at Chang Xi Village Er She, Hong Tang Village Wu She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣西來鎮紅塘村五社、場西村二社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 2,898 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for mining use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2005) Di No. 481 dated 22 July 2005, the land use rights of the property with a site area of approximately 2,898 sq.m. have been allocated to Huayou Maoyuan for mining use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
277.	A Well Site and various ancillary structures located at Hong Tang Village Wu She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣西來鎮紅塘村五社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 3,906.03 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for mining use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2005) Di No. 482 dated 22 July 2005, the land use rights of the property with a site area of approximately 3,906.03 sq.m. have been allocated to Huayou Maoyuan for mining use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

278.	A Well Site and various ancillary structures located at Liang He Village Er She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣西來鎮兩河村二社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 1,344.2 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for petrol natural gas facilities use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2004) Di No. 474 dated 14 October 2004, the land use rights of the property with a site area of approximately 1,344.2 sq.m. have been allocated to Huayou Maoyuan for petrol natural gas facilities use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
279.	A Well Site and various ancillary structures located at Ma Fu Village San She, Xi Lai Town, Pu Jiang Xian, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市蒲江縣西來鎮馬福村三社之一個井場及配套構築物	The property comprises a land parcel with a site area of approximately 458.25 sq.m. The land use rights of the property have been allocated to Chengdu Huayou Maoyuan Natural Gas Development Co., Ltd.（成都華油茂源天然氣開發有限公司）("Huayou Maoyuan") for petrol natural gas facilities use.	The property is occupied by the Group as well site.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pu Guo Yong (2004) Di No. 471 dated 14 October 2004, the land use rights of the property with a site area of approximately 458.25 sq.m. have been allocated to Huayou Maoyuan for petrol natural gas facilities use.

2. In the valuation of this property, we have attributed no commercial value to the property as the nature of land use rights of the property is allocated land and the property cannot be freely transferred, leased, mortgaged or disposed of in the market.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

4. Huayou Maoyuan is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
280.	A Gas Filling Station located at Sanshe, Juancheng Village, Pitong Town, Pi County, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市郫縣郫筒鎮鵑城村三社之一個加氣站	The property comprises a land parcel with a site area of approximately 3,421.3 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings of the property is approximately 732 sq.m. The land use rights of the property have been granted for a term expiring on 3 September 2043 for commercial use.	The property is occupied by the Group as a gas filling station.	2,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Pi Gao Yong (2005) Di No. 3542 dated 20 June 2005, the land use rights of the property with a site area of approximately 3,421.3 sq.m. have been granted to Pi County Huayou Natural Gas Technology Co., Ltd.（郫縣華油天然氣科技有限公司）("Pi Huayou") for a term expiring on 3 September 2043 for commercial use.

2. For the 2 buildings of the property with a total GFA of approximately 732 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in No. 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The existing use of the property is in compliance with the land use classification and the local planning regulations and does not violate the existing laws;

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   c. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Pi Huayou is a 28.69%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
281.	A Gas Filling Station located at No. 34 Martyrs Cemetery, Hejiang Country, Luzhou City, Sichuan Province, The PRC 位於中國四川省瀘州市合江縣烈士陵園34號之一個加氣站	The property comprises a land parcel with a site area of approximately 2,478.66 sq.m. and 2 buildings and various ancillary structures completed in 1990s. The total gross floor area ("GFA") of the buildings is approximately 501.3 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 16 October 2038 for CNG filling station use.	The property is occupied by the Group as a gas filling station.	700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate dated 14 April 2000, the land use rights of the property with a site area of approximately 2,478.66 sq.m. have been granted to Hejiang Chuanyou Compressed Natural Gas Company Limited（合江川油壓縮天然氣有限公司）("Hejiang Chuanyou") for a term of 40 years expiring on 16 October 2038 for CNG filling station use.

2. Pursuant to 2 Building Ownership Certificates, the building ownership rights of 2 buildings with a total GFA of approximately 501.3 sq.m. are legally owned by Hejiang Chuanyou.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   c. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Hejiang Chuanyou is a 21.75%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
282.	An industrial complex located at No. 22 Xing Guang Road Central, Longquanyi District, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市龍泉驛區星光中路22號之一個工業區	The property comprises a parcel of land with a site area of approximately 15,487.73 sq.m. and 4 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the property is approximately 7,132.66 sq.m. The land use rights of the property have been granted for a term expiring on 19 September 2055 for industrial use.	As advised by the Group, portions of the property with a total GFA of approximately 1,229.96 sq.m. are subject to various tenancies with a total monthly rent of RMB30,823.95 for various terms with the latest expiry date on 4 August 2011. The remaining portion of the property is occupied by the Group for office, canteen, gatehouse and ancillary uses.	5,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Long Guo Yong (2005) Di No. 58262 dated 16 November 2005, the land use rights of the property with a site area of approximately 15,487.73 sq.m. have been granted to Huayou Natural Gas Co., Ltd.（華油天然氣股份有限公司）("Huayou") for a term expiring on 19 September 2055 for industrial use.

2. Pursuant to 4 Building Ownership Certificates, Long Fang Quan Zheng Jian Zheng Zi Di Nos. 0156243 to 0156246, the building ownership rights of 4 buildings with a total GFA of approximately 7,132.66 sq.m. are legally owned by Huayou.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The existing use of the property is in compliance with the land use classification and the local planning regulations and does not violate the existing laws;

   b. The land parcel of the property is not subject to mortgages or any other material encumbrances;

   c. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   d. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
283.	A composite building located at No. 81 Inner North Street, Liucheng Town, Wenjiang District, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市溫江區柳城鎮內北街81號之一幢綜合樓	The property comprises a 7-storey composite building which was completed in about 1997. The gross floor area ("GFA") of the property is approximately 2,784.76 sq.m. The land use rights of the property have been granted for a term expiring on 5 March 2051 for residential use.	The property is vacant.	8,350,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Wen Guo Yong (2002) Zi Di No. 3399 dated 15 April 2002, the land use rights of the property with a site area of approximately 371.8 sq.m. have been granted to Huayou Natural Gas Co., Ltd.（華油天然氣股份有限公司）("Huayou") for a term expiring on 5 March 2051 for residential use.

2. Pursuant to a Building Ownership Certificate, Wen Fang Quan Zheng Jian Quan Zi Di No. 0017015 dated 26 February 2002, the building ownership rights of the property with a GFA of approximately 2,784.76 sq.m. are legally owned by Huayou.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances;

   b. No documents to prove whether the building of the property is subject to mortgages or any other material encumbrances;

   c. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   d. The building of the property can be used, transferred, leased and mortgaged.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
284.	A Gas Filling Station located at No. 12 Er Xian Qiao Dong Road, Chenghua District, Chengdu City, Sichuan Province, The PRC 位於中國四川省成都市成華區二仙橋東路12號之一個加氣站	The property comprises a parcel of land with a site area of approximately 6,626.61 sq.m. and certain buildings and ancillary structures completed in about 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,148.2 sq.m. The land use rights of the property have been granted for a term expiring on 25 October 2045 for composite use.	The property is occupied by the Group as a gas filling station.	4,140,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Cheng Guo Yong (2001) Zi Di No. 1254 dated 9 November 2001, the land use rights of the property with a site area of approximately 6,626.61 sq.m. have been granted to Huayou Natural Gas Co., Ltd.（華油天然氣股份有限公司）("Huayou") for a term expiring on 25 October 2045 for composite use.

2. For the buildings of the property with a total GFA of approximately 1,148.2 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
285.	A Gas Filling Station located at No. 9 Huayang Gucheng Village, Shuangliu County, Chengdu City, Sichuan Province, The PRC 中國四川省 成都市雙流縣 華陽古城村九社之 一個加氣站	The property comprises a parcel of land with a site area of approximately 1,866.68 sq.m. and certain buildings and ancillary structures completed in various stages between 1995 and 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 433.82 sq.m. The land use rights of the property have been granted for a term expiring on 12 November 2052 for industrial use.	The property is occupied by the Group as a gas filling station.	320,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Chuan Guo Yong (2003) Zi Di No. 00184 dated 22 January 2003, the land use rights of the property with a site area of approximately 1,866.68 sq.m. have been granted to Shuangliu Huayou Natural Gas Co., Ltd. (雙流華油天然氣有限責任公司) ("Shuangliu Huayou") for a term expiring on 12 November 2052 for industrial use.

2. For the buildings of the property with a total GFA of approximately 433.82 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Shuangliu Huayou is a 40.81%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
286.	Various units on 5th Floor, Composite Building, Shuangnan 6th Group, Yongfeng Township, Wuhou District, Chengdu City, Sichuan Province, The PRC 中國四川省 成都市武侯區 永豐鄉雙楠六組 綜合樓5樓數個單位	The property comprises various office units of an office building which was completed in about 2005. The total gross floor area ("GFA") of the property is approximately 489.17 sq.m. The land use rights of the property have been granted for a term expiring on 14 April 2038 for composite use.	The property is occupied by the Group for office use.	2,200,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Wu Gong Yong (2005) Di Nos. 20714 and 20715, the land use rights of the property have been granted to Chengdu Public Transport Compressed Natural Gas Co., Ltd.（成都公交壓縮天然氣股份有限公司）("Chengdu Public Transport") for a term expiring on 14 April 2038 for composite use.

2. Pursuant to 2 Building Ownership Certificates, Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1252242 and 1252245, the building ownership rights of the property with a total GFA of about 489.17 sq.m. are legally owned by Chengdu Public Transport.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Chengdu Public Transport is a 31.85%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
287.	A Gas Filling Station with ancillary buildings and structures in No. 4 San Guan Tang Street, Jinjiang District, Chengdu City, Sichuan Province, The PRC 中國四川省 成都市錦江區 三官堂街4號之 一個加氣站及配築物	The property comprises a parcel of land with a site area of approximately 1,502.41 sq.m. and various buildings and ancillary structures completed in about 2001 erected thereon. The total gross floor area ("GFA") of the property is approximately 494.33 sq.m. The land use rights of the property have been granted for a term expiring on 19 October 2043 for commercial use.	The property is occupied by the Group as a gas filling station.	10,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Cheng Guo Yong (2004) Di No. 1689, the land use rights of the property with a site area of approximately 1,502.41 sq.m. have been granted to Chengdu Public Transport Compressed Natural Gas Co., Ltd. ("Chengdu Public Transport") for a term expiring on 19 October 2043 for commercial use.

2. Pursuant to a Building Ownership Certificate, Rong Fang Quan Zheng Cheng Fang Jian Zheng Zi Di No. 1144917, the building ownership right of the buildings with a total GFA of about 474.33 sq.m. is legally owned by Chengdu Public Transport for other use.

3. In the valuation of this property, we have attributed no commercial value to the buildings other than those mentioned in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The existing use of the property is in compliance with the land use classification and the local planning regulations and does not violate the existing laws;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property;

   c. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   d. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

5. Chengdu Public Transport is a 31.85%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
288.	A Gas Filling Station with ancillary buildings and structures in Sanyuan Village 1st Group, Shiyang Village, High and New Technology District, Chengdu City, Sichuan Province, The PRC 中國四川省成都市高新區石羊鄉三元村一組之一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 1,251.9 sq.m. and 2 buildings and ancillary structures completed in about 2001 erected thereon. The total gross floor area ("GFA") of the property is approximately 387.22 sq.m. The land use rights of the property have been granted for a term expiring on 3 September 2042 for public utility use.	The property is occupied by the Group as a gas filling station.	1,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Cheng Gao Guo Yong (2004) Di No. 9990, the land use rights of the property with a site area of approximately 1,251.9 sq.m. have been granted to Chengdu Public Transport Compressed Natural Gas Co., Ltd. ("Chengdu Public Transport") for a term expiring on 3 September 2042 for public utility use.

2. Pursuant to a Building Ownership Certificate, Rong Fang Quan Zheng Cheng Fang Jian Zheng Zi Di No. 1149357, the building ownership rights of 2 buildings with a total GFA of about 387.22 sq.m. are legally owned by Chengdu Public Transport for office and other uses.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The existing use of the property is in compliance with the land use classification and the local planning regulations and does not violate the existing laws;

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property;

   c. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances;

   d. No documents to prove whether the buildings of the property is subject to mortgages or any other material encumbrances; and

   e. The buildings of the property can be used, transferred, leased and mortgaged.

4. Chengdu Public Transport is a 31.85%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
289.	A Gas Filling Station located at Xilin Village 4th Group, Qinglong Village, Chenghua District, Chengdu City, Sichuan Province, The PRC 中國四川省成都市 成華區 青龍鄉 西林村四組之 一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 1,349.99 sq.m. and certain buildings and ancillary structures completed in about 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 404.8 sq.m. The land use rights of the property have been granted for a term expiring on 30 July 2040 for commercial use.	The property is occupied by the Group as a gas filling station.	5,040,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Cheng Guo Yong (2001) Zi Di No. 1098, the land use rights of the property with a site area of approximately 1,349.99 sq.m. have been granted to Chengdu Public Transport Compressed Natural Gas Co., Ltd.（成都公交壓縮天然氣股份有限公司）("Chengdu Public Transport") for a term expiring on 30 July 2040 for commercial use.

2. For the buildings of the property with a total GFA of approximately 404.8 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates of the buildings have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The existing use of the property is in compliance with the land use classification and the local planning regulations and does not violate the existing laws;

   b. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   c. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Chengdu Public Transport is a 31.85%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
290.	A Gas Filling Station with ancillary buildings and structures in No. 138 Shu Zhou Nan Road, Chongyang Town, Chongzhou City, Chengdu City, Sichuan Province, The PRC 中國四川省成都市崇州市崇陽鎮蜀州南路138號之一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 3,333.31 sq.m. and various buildings and ancillary structures completed in about 2008 erected thereon. The total gross floor area ("GFA") of the property is approximately 1,044.54 sq.m. The land use rights of the property have been granted for a term expiring on 7 April 2047 for commercial use.	The property is occupied by the Group as a gas filling station.	4,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Chong Guo Yong (2007) Di No. 12582 dated 8 October 2007, the land use rights of the property with a site area of approximately 3,333.31 sq.m. have been granted to Huayou Natural Gas Co., Ltd. ("Huayou") for a term expiring on 7 April 2047 for commercial use.

2. Pursuant to a Building Ownership Certificate, Chong Fang Quan Zheng Jian Zheng Zi Di No. 0034902, the building ownership right of a building with a GFA of about 407.76 sq.m. is legally owned by Huayou.

3. For the remaining buildings of the property with a total GFA of approximately 636.78 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The building of the property with building ownership certificates can be used, transferred, leased and mortgaged.

6. Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
291.	A Gas Filling Station with ancillary buildings and structures in Dashan Village 4th Group, Dashanpu Town, Daan District, Zigong City, Sichuan Province, The PRC 中國四川省自貢市 大安區大山鋪鎮 大山村4組之 一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 2,811.77 sq.m. and various buildings and ancillary structures completed in about 1995 erected thereon. The total gross floor area ("GFA") of the property is approximately 284.58 sq.m. The land use rights of the property have been granted for a term expiring on 2 March 2041 for industrial use.	The property is occupied by the Group as a gas filling station.	1,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Zi Guo Yong (2001) Zi Di No. 040132, the land use rights of the property with a site area of 2,811.77 sq.m. have been granted to Huayou Natural Gas Co., Ltd. ("Huayou") for a term expiring on 2 March 2041 for industrial use.

2. Pursuant to a Building Ownership Certificate, Zi Fang Quan Zheng Da An Zi Di No. 00028650, the building ownership rights of a building with a GFA of about 160.58 sq.m. is legally owned by Huayou for non-residential use.

3. For the remaining buildings of the property with a total GFA of approximately 124 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 3 as relevant title certificates of the buildings have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The building of the property with building ownership certificates can be used, transferred, leased and mortgaged.

6. Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
292.	A Gas Filling Station with ancillary buildings and structures in No. 8 Guandu Village, Jinyuan Town, Dayi County, Chengdu City, Sichuan Province, The PRC 中國四川省成都市 大邑縣晉原鎮 官渡村八社之 一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 3,605.01 sq.m. and various buildings and ancillary structures completed in about 2001 erected thereon. The total gross floor area ("GFA") of the property is approximately 789.27 sq.m. The land use rights of the property have been granted for a term expiring on 28 July 2044 for commercial use.	The property is occupied by the Group as a gas filling station.	4,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Yi Guo Yong (2004) Di No. 38248, the land use rights of the property with a site area of about 3,605.01 sq.m. have been granted to Dayi Huayou Energy Compressed Natural Gas Co., Ltd. (大邑華油能源壓縮天然氣有限責任公司) ("Dayi Huayou") for a term expiring on 28 July 2044 for commercial use.

2. Pursuant to a Building Ownership Certificate, Da Fang Quan Zheng Jian Zheng Zi Di No. 0017714 dated 29 January 2002, the building ownership rights of a building with a GFA of about 204.07 sq.m. is legally owned by Dayi Huayou for factory use.

3. For the remaining buildings of the property with a total GFA of approximately 585.2 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the buildings as stated in Note 3 as relevant title certificates of the buildings have not been provided.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   b. The building of the property with building ownership certificates can be used, transferred, leased and mortgaged.

6. Dayi Huayou is a 20.4%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
293.	A Gas Filling Station located at Nei Bei Road North, Central District, Neijiang City, Sichuan Province, The PRC 中國四川省內江市市中區內碑路北側之一個加氣站	The property comprises a parcel of land with a site area of approximately 2,066.2 sq.m. and certain buildings and ancillary structures completed in about 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 968 sq.m. The land use rights of the property have been granted for a term expiring on 9 January 2045 for commercial use.	The property is occupied by the Group as a gas filling station.	2,660,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Nei Shi Guo Yong (2007) Di No. 011066, the land use rights of the property with a site area of approximately 2,066.2 sq.m. have been granted to Neijiang Huaqi Public Transport Compressed Natural Gas Co., Ltd. ("Neijiang Huaqi") for a term expiring on 9 January 2045 for commercial use.

2. For the buildings of the property with a total GFA of approximately 968 sq.m., we have not been provided with any title certificates.

3. In the valuation of this property, we have attributed no commercial value to the buildings stated in Note 2 as relevant title certificates have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

5. Neijiang Huaqi is a 33.16%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
294.	A land parcel located at Lower Maanshan Transformer Station, Central District, Neijiang City, Sichuan Province, The PRC 中國四川省內江市市中區馬鞍山變電站下面之一塊土地	The property comprises a parcel of land with a site area of approximately 4,160.3 sq.m. and a few structures mainly completed in 2007 erected thereon. The land use rights of the property have been granted for a term expiring on 29 November 2020 for godown use.	The property is vacant.	320,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Nei Shi Guo Yong (2008) Di No. 007834, the land use rights of the property with a site area of about 4,160.3 sq.m. have been granted to Neijing Huaqi Public Transport Compressed Natural Gas Co., Ltd. ("Neijiang Huaqi") for a term expiring on 29 November 2020 for godown use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

3. Neijiang Huaqi is a 33.16%-owned subsidiary of the Company.

295.	A Distribution Station located at the northern side of North Station West Road, Renqiu City, Hebei Province, The PRC 位於中國河北省任丘市北站西路北側之一個分輸站	The property comprises 2 land parcels with a total site area of approximately 7,997 sq.m. and 4 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 450 sq.m.	The property is occupied by Hebei Huagang Gas Company Limited (河北華港燃氣有限公司) ("Hebei Huagang") as a distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Ren Guo Yong (2008) Di No. 003 dated 12 June 2008, the land use rights of a land parcel of the property with a site area of approximately 7,697 sq.m. have been allocated to Huayou Petroleum Administration Bureau Gas Department (華油石油管理局燃氣處) ("Huayou Petroleum Bureau") for public utility use.

2. Pursuant to a State-owned Land Use Rights Certificate, Ren Zheng Chu Guo Yong (2008) Di No. 022 dated 16 January 2009, the land use rights of the remaining land parcel of the property with a site area of approximately 300 sq.m. have been granted to Huayou Petroleum Bureau for a term expiring on 18 December 2048 for commercial use.

3. For the 4 buildings of the property with a total GFA of approximately 450 sq.m., we have not been provided with any title certificates.

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the land use rights of the property is not vested in Hebei Huagang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the two land parcels of the property are not subject to mortgages or any other material encumbrances.

6. Hebei Huagang is a 51% – owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
296.	An Office Building and a garage located at west of Huizhan Avenue, south of South Gate North Station Road, Renqiu City, Hebei Province, The PRC 位於中國河北省任丘市南關北站路南會戰大道西之辦公樓及車庫	The property comprises a 4-storey office building and a garage completed in 1988 and 1992. The total gross floor area ("GFA") of the property is approximately 3,483.61 sq.m.	The property is occupied by Hebei Huagang Gas Company Limited（河北華港燃氣有限公司）("Hebei Huagang") for office, garage and ancillary purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Ownership Certificate, Ren Qiu Shi Fang Quan Zheng Ren You Zi Di No. 29-0442, the building ownership rights of the property with a total GFA of approximately 3,483.61 sq.m. are legally owned by Huabei Petroleum Management Bureau（華北石油管理局）("Huabei Petroleum Bureau").

2. In the valuation of this property, we have attributed no commercial value to the property as the title of it is not vested in Hebei Huagang.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

4. Hebei Huagang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
297.	A land parcel located at west of Yan Shan North Road, Renqiu City, Hebei Province, The PRC 位於中國河北省任丘市燕山北道西側之一塊土地	The property comprises a vacant land parcel with a site area of approximately 42,327 sq.m.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit, Di Zi Di Ren 1309822010009003 dated 28 October 2010, Hebei Huagang Gas Company Limited（河北華港燃氣有限公司）("Hebei Huagang") is permitted to use the land with a site area of approximately 42,327 sq.m. for the construction of the property.

2. In the valuation of this property, we have attributed no commercial value as the title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the title of the property cannot be ascertained.

4. Hebei Huagang is a 51%-owned subsidiary of the Company.

Group IV – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
298.	A Gas Distribution Station located at No. 2 Huangge Road West, Nansha District, Guangzhou City, Guangdong Province, The PRC 位於中國廣東省 廣州市 南沙區 黃閣西路2號 之一個天然氣分輸站	The property comprises a land parcel with a site area of approximately 13,270 sq.m. and 4 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,841.7 sq.m. upon completion. The estimated total construction cost is approximately RMB8,500,000, of which approximately RMB6,300,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in 2011. The land use rights of the property have been granted for a term of 50 years expiring on 21 November 2057 for gas station use.	The property is under construction.	5,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 4 August 2010, the land use rights of the property with a site area of approximately 13,270 sq.m. were contracted to be granted to Guangzhou Yifeng Gas Limited（廣州怡豐天然氣有限公司）("Guangzhou Yifeng") at a consideration of RMB5,560,130 for gas station use.

2. Pursuant to a State-owned Land Use Rights Certificate, Sui Fu Guo Yong (2010) Di No. 04100040 dated 17 September 2010, the land use rights of the property with a site area of approximately 13,270 sq.m. have been granted to Guangzhou Yifeng for a term of 50 years expiring on 21 November 2057 for gas station use.

3. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

4. In the valuation of this property, we have attributed no commercial value to the CIP as relevant construction permits of the CIP have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property;

   b. Permits such as Construction Land Use Planning Permit and Construction Work Planning Permit are not available; and

   c. For the property without such permits, the Group may be subject to a risk of shutdown, fine and an order to demolish.

6. Guangzhou Yifeng is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
299.	A LNG Plant under construction located at Huaziping Town, Ansai County, Yanan City, Shaanxi Province, The PRC 位於中國陝西省 延安市安塞縣 化子坪鎮 之一個在建中 液化天然氣工廠	The property comprises a land parcel with a site area of approximately 180,000 sq.m. and a building which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 21,000 sq.m. upon completion. The estimated total construction cost is approximately RMB1,200,000,000, of which approximately RMB300,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a LNG Construction Project Land Agreement, the land use rights of the property with a site area of approximately 180,000 sq.m. were contracted to be granted to Ansai Huayou Gas Limited（安塞華油天然氣有限公司）("Ansai Huayou") at a land premium of RMB17,000,000 for a term of 50 years.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances; and

   b. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Ansai Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
300.	A CNG Master Station under construction located at No. 315 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 米東工業園區之 一個在建中壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 155,163.4 sq.m. The property also comprises a CNG master station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 7,999.96 sq.m. upon completion. The estimated total construction cost is approximately RMB19,300,000, of which approximately RMB11,580,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011. The land use rights of the property will be granted for a term commencing on 8 July 2010 and expiring on 8 July 2060 for industrial use.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract（國有建設用地使用權出讓合同）dated 28 June 2010, the land use rights of the property with a site area of approximately 155,163.4 sq.m. were contracted to be granted to Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") at a land premium of RMB6,610,000 for a term commencing on 8 July 2010 and expiring on 8 July 2060 for industrial use.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
301.	A Gas Filling Station under construction located at Zhen Xing Road, Wuwu New Town, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 五五新鎮 振興路 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 5,000 sq.m. The property also comprises a gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 532.62 sq.m. upon completion. The estimated total construction cost is approximately RMB180,000, of which approximately RMB108,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Land Use Rights Transfer and the Attached Items Compensation Agreement（土地使用權轉讓及地上附著物補償協議), entered into between Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") and Karamay Ronghui Sanitation Company Limited（克拉瑪依融匯環衛有限責任公司), the land use rights of the property with a site area of approximately 5,000 sq.m. and the items erected on the land were contracted to be transferred to Xinjie Gas at a consideration of RMB1,000,000.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction and planning permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
302.	A Gas Filling Station under construction located at Hoxtolgay Town, Hoboksar Mongol Autonomous County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 塔城地區 和布克賽爾蒙古自治縣 和什托洛蓋鎮 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,000 sq.m. The property also comprises a gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 539 sq.m. upon completion. The estimated total construction cost is approximately RMB180,000, of which approximately RMB108,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Land Use Rights Transfer and the Attached Items Compensation Agreement (土地使用權轉讓及地上附著物補償協議), entered into between Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") and Yan Ling Hui (閆玲慧) dated 20 April 2010, the land use rights of portion of the land parcel of the property with a site area of approximately 1,790.4 sq.m. and the items erected on the land were contracted to be transferred to Xinjie Gas at a consideration of RMB737,883.68.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction and planning permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
303.	A Gas Filling Station under construction located at Tiechanggou Town, Toli County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 塔城地區 托裏縣 鐵廠溝鎮 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,000 sq.m. The property also comprises a gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 525 sq.m. upon completion. The estimated total construction cost is approximately RMB180,000, of which approximately RMB108,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held by Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") under construction.	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction and planning permits of the CIP have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
304.	A Liquefied Natural Gas Comprehensive Utilisation Project under construction located at west of Hancheng West Gate, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 哈密地區 巴里坤哈薩克自治縣 漢城西門西側 之一個在建中液化天然氣綜合利用項目	The property comprises a land parcel with a site area of approximately 12,229.34 sq.m. The property also comprises a liquefied natural gas comprehensive utilisation project with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 647.26 sq.m. upon completion. The estimated total construction cost is approximately RMB13,490,000, of which approximately RMB5,554,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Di Zi Di No. Ba Gui Zi (2010) 021 (地字第巴規字(2010)021號), dated 28 June 2010, Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") is permitted to use the land with a site area of approximately 12,229.34 sq.m. for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
305.	A Gas Filling Station under construction located at Xialaoba Township, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 哈密地區 巴里坤哈薩克自治縣 下澇壩鄉 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,800 sq.m. The property also comprises a liquefied gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 466.14 sq.m. upon completion. The estimated total construction cost is approximately RMB6,540,000 of which approximately RMB79,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Country Construction Planning Permit (鄉村建設規劃許可證), Xiang Zi Di No. Ba Gui Zi (2010) 09 (鄉字第巴規字(2010)09號), dated 3 June 2010, Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") is permitted to use the land for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
306.	A Gas Filling Station under construction located at Dahe Town, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 哈密地區 巴里坤哈薩克自治縣 大河鎮 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,800 sq.m. The property also comprises a liquefied gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 466.14 sq.m. upon completion. The estimated total construction cost is approximately RMB6,540,000 of which approximately RMB84,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Country Construction Planning Permit (鄉村建設規劃許可證), Xiang Zi Di No. Ba Gui Zi (2010) 10 (鄉字第巴規字(2010)10號), dated 3 June 2010, Xinjiang Xinjie Company Limited (新疆新捷股份有限公司 ("Xinjiang Xinjie") is permitted to use the land for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
307.	A Gas Filling Station under construction located at north of 312th State Road, Piqan County, Turpan Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 吐魯番地區 鄯善縣 312國道北側 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,981 sq.m. The property also comprises a liquefied gas filling station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 392.4 sq.m. upon completion. The estimated total construction cost is approximately RMB6,340,000, of which approximately RMB87,584 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Cheng Zi Di No. 652122201043199 (城字第652122201043199號), dated 26 July 2010, Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") is permitted to use the land for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
308.	A Gas Filling Station under construction located at Tianshan Scenic Area, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 天池風景區 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 7,600 sq.m. The property also comprises a gas filling station with ancillary building and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 360 sq.m. upon completion. The estimated total construction cost is approximately RMB7,060,000, of which approximately RMB4,315,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
309.	A Gas Filling Station under construction located at Zhundong Petroleum Base, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 準東石油基地 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 5,000 sq.m. The property also comprises a gas filling station with ancillary building and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 180 sq.m. upon completion. The estimated total construction cost is approximately RMB180,000, of which approximately RMB108,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
310.	A Gas Filling Station under construction located at West Section, Heavy Chemical Industrial Zone, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 重化工業園西區 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 5,000 sq.m. The property also comprises a liquefied gas filling station with ancillary building and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 400 sq.m. upon completion. The estimated total construction cost is approximately RMB6,660,000, of which approximately RMB117,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011. The land use rights of the property will be granted for a term of 40 years commencing on 30 September 2010 for commercial use.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 6 September 2010, the land use rights of the property with a site area of approximately 5,000 sq.m. were contracted to be granted to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") for a term of 40 years commencing on 30 September 2010 at a land premium of RMB450,000 for commercial use.

2. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Di Zi Di No. 6523022010-57 (地字第6523022010-57號), Xinjiang Xinjie is permitted to use the land with a site area of 5,000 sq.m. for the construction of the property.

3. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

4. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

6. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
311.	A Gas Filling Station under construction located at east of Zhong Shan Road and south of Kun Shan Road, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 昆山路南 中山路東 之一個在建中加氣站	The property comprises a land parcel with a site area of approximately 4,313 sq.m. The property also comprises a gas filling station with ancillary building and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 334.57 sq.m. upon completion. The estimated total construction cost is approximately RMB3,000,000, of which approximately RMB1,450,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Di Zi Di No. 650202201000010 (地字第650202201000010號) dated 17 August 2010, Xinjiang Teibo Energy Resource Company Limited (新疆天北能源有限責任公司) ("Teibo") is permitted to use the land with a site area of 4,313 sq.m. for the construction of the property.

2. Pursuant to a Construction Work Planning Permit (建設工程規劃許可證), Jian Zi Di No. 650202201000021 (建字第650202201000021號), dated 18 August 2010, buildings with a total GFA of approximately 334.57 sq.m. are permitted to be developed by Teibo.

3. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

4. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

6. Teibo is a 35.19%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
312.	A Liquefied Natural Gas Plant under construction located in Lunnan Town, Luntai County, Bayin'gholin Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 巴音郭楞蒙古自治州 輪台縣 輪南鎮之 一個在建中液化天然氣工廠	The property comprises a land parcel with a site area of approximately 135,481.84 sq.m. The property also comprises a liquefied natural gas plant with ancillary building and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 15,798.89 sq.m. upon completion. The estimated total construction cost is approximately RMB62,750,000, of which approximately RMB12,047,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), Di Zi Di No. Lun Cun Gui Yong Zi 2010-003 (地字第輪村規用字2010-003號) dated 10 March 2010, Xinjiang Borui Energy Company Limited (新疆博瑞能源有限公司) ("Borui Energy") is permitted to use the land with a site area of 135,481.84 sq.m. for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Borui Energy is an 88.24%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
313.	A CNG Distribution Station located at south of Liu Xian Street, Binhai Economic Development Zone, Weifang City, Shandong Province, The PRC 位於中國山東省 濰坊市 濱海經濟開發區 柳賢街以南之 一個壓縮天然氣分輸站	The property comprises a land parcel with a site area of approximately 20,580 sq.m. The property also comprises a CNG distribution station with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,100 sq.m. upon completion. The estimated total construction cost is approximately RMB3,080,000, of which approximately RMB618,778 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 3707032010BH0048 dated 9 October 2010, Weifang Jintai Energy Technology Development Company Limited（濰坊金泰能源技術開發有限公司）(Jintai Energy) is permitted to develop the land parcel of the property with a site area of 20,580 sq.m. for retail use.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Jintai Energy is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
314.	A LNG plant located inside Wutat District, Hainan District Xilangfeng Industrial Park, Haibowan District Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市海渤灣區千里山工業園區、海南區西來峰工業園區、烏達區內之一個液化天然氣工廠	The property comprises a land parcel of approximately 241,541.67 sq.m. The property also comprises a LNG plant with ancillary buildings and structures which are under construction. The planned gross floor area ("GFA") of the CIP will be approximately 400,000 sq.m. upon completion. The estimated total construction cost is approximately RMB3,677,650,000, of which approximately RMB2,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about May 2012.	The property is held under development by Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限責任公司) ("Wuhai Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
315.	A Liquefied Natural Gas Filling Station located at north of the intersection of Weiyi Road and Jingqi Road, Urad Houqi Industrial Park, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏拉特後旗工業園緯一路與經七路交滙路口北之一個液化天然氣加氣站	The property comprises a land parcel of approximately 15 mu. The property also comprises a liquefied natural gas filling station with various buildings and ancillary structures which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 703.08 upon completion. The estimated total construction cost is approximately RMB13,000,000, of which approximately RMB4,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Bayan Nur Huayou Natural Gas Company Limited (巴彥淖爾華油天然氣有限責任公司) ("Bayan Nur Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Bayan Nur Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
316.	A LNG Plant located at Bei Liang Tai Village, Bayangol Town, Dengkou County, Bayan Nur City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 巴彥淖爾市磴口縣 巴彥高勒鎮北糧台村 之一個液化天然氣工廠	The property comprises a land parcel of approximately 75,910.2 sq.m. The property also comprises a LNG plant with various buildings and ancillary structures which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 2,787.75 sq.m. upon completion. The estimated total construction cost is approximately RMB196,000,000, of which approximately RMB160,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Bayan Nur Huayou Natural Gas Company Limited (巴彥淖爾華油天然氣有限責任公司) ("Bayan Nur Huayou").	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit, Di Zi Di No. 152823200900021, dated 31 December 2009, Bayan Nur Huayou is permitted to use the land with a site area of approximately 75,910.2 sq.m. for the construction of the property.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the land and construction permits of the CIP have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Bayan Nur Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
317.	A Liquefied Natural Gas Filling Station located at the southern side of Rao Cheng Road, Dengkou County, Bayan Nur City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區巴彥淖爾市磴口縣繞城公路南側之一個液化天然氣加氣站	The property comprises a land parcel and a liquefied natural gas filling station with various buildings and ancillary structures which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 15,554.1 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB11,300,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Bayan Nur Huayou Natural Gas Company Limited (巴彥淖爾華油天然氣有限責任公司) ("Bayan Nur Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Bayan Nur Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
318.	A Liquefied Natural Gas Filling Station located at East Second Ring, Tumote Right Banner, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市土默特右旗 東二環之 一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 6,226.57 sq.m. and 2 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 615 sq.m. upon completion. The estimated total construction cost is approximately RMB14,000,000, of which approximately RMB280,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Inner Mongolia Huayou Natural Gas Company Limited (內蒙古華油天然氣有限責任公司) ("Inner Mongolia Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
319.	A Liquefied Natural Gas Filling Station located at Keyuan Avenue, Tumd Right Banner, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市土默特右旗 科園大道之 一個液化天然氣加氣站	The property comprises a land parcel of approximately 12,060 sq.m. The property also comprises a liquefied natural gas filling station with various buildings and ancillary structures which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 677 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB430,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Inner Mongolia Huayou Natural Gas Company Limited (內蒙古華油天然氣有限責任公司) ("Inner Mongolia Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
320.	A CNG plant located at Qianlishan Industrial Area, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市海勃灣區千里山工業園區之一個壓縮天然氣工廠	The property comprises a land parcel of approximately 254,100 sq.m. It also comprises certain buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 2,788 sq.m. upon completion. The estimated total construction cost is approximately RMB10,525,800, of which approximately RMB8,187,300 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about June 2011.	The property is held under development by Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限責任公司) ("Wuhai Huayou").	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
321.	A Liquefied Natural Gas Filling Station located at East Coal Line, Desheng pit, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市海勃灣區德晟礦坑口運煤專線東之一個液化天然氣加氣站	The property comprises a land parcel of approximately 10,762 sq.m. It also comprises 3 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,018 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB760,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under development by Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限責任公司) ("Wuhai Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
322.	A Liquefied Natural Gas Filling Station located inside Shaanxi Heavy Car Factory, Qianlishan Industrial Park, Haibowan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市海勃灣區千里山工業園區陝西重汽廠區內之一個液化天然氣加氣站	The property comprises a land parcel of approximately 9,980 sq.m. It also comprises 2 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 435 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB25,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2012.	The property is held under development by Wuhai Huayou Natural Gas Company Limited (烏海華油天然氣有限責任公司) ("Wuhai Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huayou is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
323.	A Liquefied Natural Gas Filling Station located at west of Qianlishan Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市千里山工業園區西區之一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 10 mu. It also comprises 4 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 963 sq.m. upon completion. The estimated total construction cost is approximately RMB8,948,000, of which approximately RMB8,650,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2012.	The property is held under development by Wuhai Huaqi Jieneng Company Limited（烏海華氣潔能有限責任公司）("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
324.	A Liquefied Natural Gas Filling Station located at North Jinshawan Scenic Area, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市金沙灣風景區北之一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 20 mu. It also comprises 4 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,778.8 sq.m. upon completion. The estimated total construction cost is approximately RMB14,000,000, of which approximately RMB11,200,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about April 2011.	The property is held under construction by Wuhai Huaqi Jieneng Company Limited (烏海華氣潔能有限責任公司) ("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
325.	A Liquefied Natural Gas Filling Station located at Xilangfeng Industrial Park, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 烏海市 西來峰工業園區之 一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 10 mu. It also comprises 5 building which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,606.8 sq.m. upon completion. The estimated total construction cost is approximately RMB4,500,000, of which approximately RMB2,300,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Wuhai Huaqi Jieneng Company Limited（烏海華氣潔能有限責任公司）("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
326.	A Liquefied Natural Gas Filling Station located at Lahuangxian and the intersection of Haihui Highway, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市拉黃線與海惠公路交界處之一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 10 mu. It also comprises 3 building which is under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 977.4 sq.m. upon completion. The estimated total construction cost is approximately RMB10,000,000, of which approximately RMB6,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about May 2011.	The property is held under construction by Wuhai Huaqi Jieneng Company Limited (烏海華氣潔能有限責任公司) ("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
327.	A Gas Filling Station located at the intersection of Huazi Road and Coal Line, Hainan District, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市海南區華資路與運煤專線交界處之一個加氣站	The property comprises a land parcel with a site area of approximately 20 mu. It also comprises 3 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 659.88 sq.m. upon completion. The estimated total construction cost is approximately RMB14,000,000, of which approximately RMB1,500,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about May 2011.	The property is held under construction by Wuhai Huaqi Jieneng Company Limited（烏海華氣潔能有限責任公司）("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
328.	A Gas Filling Station located at Moyi Ditch Coal Line, Wuhai City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區烏海市摩爾溝運煤通道之一個加氣站	The property comprises a land parcel with a site area of approximately 20 mu. It also comprises 4 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,778.8 sq.m. upon completion. The estimated total construction cost is approximately RMB14,000,000, of which approximately RMB3,627,200 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about April 2011.	The property is held under construction by Wuhai Huaqi Jieneng Company Limited (烏海華氣潔能有限責任公司) ("Wuhai Huaqi").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Wuhai Huaqi is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
329.	A Liquefied Natural Gas Filling Station located at 103 Provincial Road, Lamawan Town, Qingshuihe County, Hohhot City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 呼和浩特市清水河縣 喇嘛灣鎮 S103輔道之 一個液化天然氣加氣站	The property comprises a land parcel of approximately 15,000 sq.m. It also comprises 3 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,305.8 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB7,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about January 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 7 February 2010, the land use rights of the property with a site area of approximately 15,000 sq.m. were contracted to be transferred to Inner Mongolia Huayou Natural Gas Company Limited（內蒙古華油天然氣有限責任公司）("Inner Mongolia Huayou") at a land premium of RMB3,570,000 for LNG filling station use.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
330.	A Liquefied Natural Gas Filling Station located at Wulanbulang Village, Zhungeer Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 鄂爾多斯市 准格爾旗 烏蘭不浪村之 一個液化天然氣加氣站	The property comprises a land parcel of approximately 18,786.6 sq.m. It also comprises 3 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,365.8 sq.m. upon completion. The estimated total construction cost is approximately RMB16,000,000, of which approximately RMB1,800,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by Inner Mongolia Huayou Natural Gas Company Limited (內蒙古華油天然氣有限責任公司) ("Inner Mongolia Huayou").	No Commercial Value

Notes:

1. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
331.	A Petrol and Gas Filling Station located at East Da Te Road and South Coal Line, Shulinzhao Town, Dalad Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區鄂爾多斯市達拉特旗樹林召鎮達特路東、運煤專線南之一個加油加氣站	The property comprises a land parcel of approximately 5,673 sq.m. It also comprises 2 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 850 sq.m. upon completion. The estimated total construction cost is approximately RMB22,000,000, of which approximately RMB7,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 12 June 2010, the land use rights of the property with a total site area of approximately 5,673 sq.m. were contracted to be transferred to Dalad Banner Huayou Natural Gas Consultant Company Limited (達拉特旗華油天然氣諮詢有限公司) ("Dalad Consultant") at a land premium of RMB6,240,300 for gas filling station use.

2. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Permit such as Construction Works Commencement Permit is not available; and

   c. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

5. Dalad Consultant is a 62.07%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
332.	A Liquefied Natural Gas Filling Station located at 46 km de Ao Line, Feng Shui Leung Immigrant Village, Bainijing Town, Dalad Banner, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 鄂爾多斯市 達拉特旗 白泥井鎮 風水梁移民新村 德敖線46公里處之 一個液化天然氣加氣站	The property comprises a land parcel of approximately 68,354.5 sq.m. It also comprises 4 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,694 sq.m. upon completion. The estimated total construction cost is approximately RMB26,000,000, of which approximately RMB8,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is under construction.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract dated 25 November 2010, the land use rights of the property with a site area of approximately 68,354.5 sq.m. were contracted to be transferred to Dalad Banner Huayou Natural Gas Equipment Sales Company Limited (達拉特旗華油天然氣設備銷售有限公司) ("Dalad Sales") at a land premium of RMB9,309,300 for gas filling station use.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Dalad Sales is a 54.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
333.	A Gas Filling Station located at West Tiexi Yueshan Road and North Sports Street, Ordos City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區鄂爾多斯市鐵西越山路西、體育街北之一個加氣站	The property comprises a land parcel of approximately 5,069.69. It also comprises 6 buildings which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 1,159.69 sq.m. upon completion. The estimated total construction cost is approximately RMB2,500,000, of which approximately RMB2,100,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011. The land use rights of the property have been granted for a term of 35 years expiring on 20 October 2045 for commercial services use.	The property is under construction.	5,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Dong Guo Yong (2010) Di No. Chu Rang 25 dated 27 May 2010, the land use rights of the property with a site area of approximately 5,069.69 sq.m. have been granted to Ordos City Huaqi Xinsheng Gas Technology Company Limited (鄂爾多斯市華氣新聖燃氣技術有限公司) ("Ordos Xinsheng") for a term expiring on 20 October 2045 for commercial services use.

2. Pursuant to a Construction Land Planning Permit, Jian Zi Di No. 150602201000156, dated 7 June 2010, Ordos Xinsheng is permitted to use the land with a site area of approximately 5,034.68 sq.m. for the construction of the property.

3. Pursuant to a Construction Work Planning Permit, Jian Zi Di No. 150602201000299, dated 18 November 2010, buildings with a total GFA of approximately 1,159.69 sq.m. is permitted to be developed by Ordos Xinsheng.

4. In the valuation of this property, we have attributed no commercial value to the CIP as relevant construction commencement permits of the CIP have not been obtained.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Ordos Xinsheng is a 48.46%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
334.	A Liquefied Natural Gas Plant under development located at Qunxin Village, Huilonghe Town, Lizhou District, Guangyuan City, Sichuan Province, The PRC 位於中國四川省廣元市利州區迴龍河街道辦事處群心村一個發展中之液化天然氣工廠	The property comprises a land parcel with a site area of approximately 158,106.39 sq.m. The property also comprises a liquefied natural gas plant with various buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 6,640.43 sq.m. upon completion. The estimated total construction cost is approximately RMB26,112,800, of which approximately RMB4,271,800 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2012. The land use rights of the property will be granted for a term of 50 years for industrial use.	The property is held by the Group under development.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, the land use rights of the property with a site area of approximately 158,106.39 sq.m. were contracted to be granted to Huayou Natural Gas Guangyuan Company Limited（華油天然氣廣元有限公司）("Huayou Guangyuan") at a land premium of RMB20,400,000 for a term of 50 years for industrial use.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant land use rights title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Huayou Guangyuan is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
335.	A Liquefied Natural Gas Plant under development located at Xinqiao Industrial Zone, Guangan City, Sichuan Province, The PRC 位於中國四川省廣安市新橋工業區一個發展中之液化天然氣工廠	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 189,163.1 sq.m. The property also comprises a liquefied natural gas plant with ancillary buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 10,065.8 sq.m. upon completion. The estimated total construction cost is approximately RMB77,430,000, of which approximately RMB29,030,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011. The land use rights of the property have been granted for terms with the earliest expiry date on 21 October 2059 for industrial use.	The property is under development.	51,650,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 21 October 2009, the land use rights of Land Parcel I of the property with a site area of approximately 137,203 sq.m. were contracted to be granted to Huayou Natural Gas Guangan Company Limited (華油天然氣廣安有限公司) ("Huayou Guangan") at a land premium of RMB16,465,000 for a term of 50 years commencing on 20 December 2009 for industrial use.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 22 April 2010, the land use rights of Land Parcel II of the property with a site area of approximately 51,959 sq.m. were contracted to be granted to Huayou Guangan at a land premium of RMB6,235,000 for a term of 50 years commencing on 22 July 2010 for industrial use.

3. Pursuant to a State-owned Land Use Rights Certificate, Xin Qiao Guo Yong (2009) Di No. 01543 dated 29 October 2009, the land use rights of Land Parcel I of the property with a site area of approximately 137,203.95 sq.m. have been granted to Huayou Guangan for a term expiring on 21 October 2059 for industrial use.

4. Pursuant to a State-owned Land Use Rights Certificate, Xin Qiao Guo Yong (2010) Di No. 01187 dated 18 May 2010, the land use rights of Land Parcel II of the property with a site area of approximately 51,959.15 sq.m. have been granted to Huayou Guangan for a term expiring on 18 May 2060 for industrial use.

5. Pursuant to a Construction Work Planning Permit, Jian Zi Di No. 511601201000050 dated 27 September 2010, buildings with a total GFA of approximately 10,065.8 sq.m. is permitted to be developed by Huayou Guangan.

6. Pursuant to a Construction Works Commencement Permit, No. 512925201010212801 dated 21 October 2010, the construction work of the CIP with a planned GFA of approximately 10,065.8 sq.m. was permitted to commence.

7. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

8. Huayou Guangan is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
336.	A land parcel together with various buildings and structures under construction located in Dagushan Peninsula, Dalian City, Liaoning Province, The PRC 位於中國遼寧省大連市大孤山半島之一塊土地及在建中若干建築物及構築物	The property comprises a parcel of land with a site area of approximately 30.7 ha (or about 307,000 sq.m.). The property also comprises various buildings and ancillary structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 12,460 sq.m. upon completion. The estimated total construction cost is approximately RMB5,830,000,000, of which approximately RMB3,546,341,971 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011.	The property is held under construction by PetroChina Dalian LNG Company Ltd.(中石油大連液化天然氣有限公司) ("Dalian LNG").	No Commercial Value

Notes:

1. Pursuant to a Dalian LNG Project Receiving Station Construction Land & Sea Area Expropriation Commission Contract (大連液化天然氣項目接收站工程土地及海域征遷委托合同) (the "Contract") entered into between PetroChina Dalian LNG Project Management Division (中國石油天然氣股份有限公司大連液化天然氣項目經理部) (the "Division") and Dalian Free Trade Zone Administration Committee (大連保稅區管理委員會), the land parcel of the property was contracted to be used by the earlier.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Dalian LNG is a 75%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
337.	A land parcel together with various buildings and structures under construction located at an Artificial Island in Xitaiyang Shoal, Harbour Radiation Shoal, Rudong County, Nantong City, Jiangsu Province, The PRC 位於中國江蘇省 南通市 如東縣 海濱幅射沙洲 西太陽沙人工島上之 一塊土地及在建中若干建築物 及構築物	The property comprises a parcel of land with a site area of approximately 41.6 ha (or about 416,000 sq.m.). The property also comprises various buildings and structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 6,256.44 sq.m. upon completion. The estimated total construction cost is approximately RMB6,000,000,000, of which approximately RMB4,297,000,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in 2011.	The property is held under construction by PetroChina Jiangsu LNG Co., Ltd. (中石油江蘇液化天然氣有限公司) ("Jiangsu LNG").	No Commercial Value

Notes:

1. Pursuant to a Notice, Hai Ban Guan Zi (2008) No. 197, dated 17 June 2008, State Oceanic Administration (國家海洋局) agreed to grant the sea area use rights of the property with a sea plot area of 41.6 ha. for reclamation to PetroChina Company Limited at a consideration of RMB18,720,000.

2. Pursuant to a Sea Area Use Certificate (海域使用權證書), Guo Hai Zheng No. 091100025, issued by State Oceanic Administration dated 14 July 2009, the sea area use rights of the property with a sea plot area of 41.6 ha. have been granted to PetroChina Company Limited for a term expiring on 14 July 2059 for reclamation building land and industrial use.

3. As advised by the Group's PRC legal advisor that the CIP may be associated with risks of shutdown, being fined and receiving order to demolish. Thus, the market value of the land parcel of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Jiangsu LNG.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Permit such as Construction Works Commencement Permit is not available; and

   b. For the property without such permit, the Group may be subject to a risk of shutdown, fine and an order to demolish.

6. Jiangsu LNG is a 55%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
338.	A Gate Station located at south of Fuqian East Street and west of Jianshe Road, Shacheng Town, Huailai County, Zhangjiakou City, Hebei Province, The PRC 位於中國河北省張家口市懷來縣沙城鎮府前東街以南、建設路以西之一個門站	The property comprises a land parcel with a site area of approximately 6,667 sq.m. and 2 buildings and various ancillary structures which are under construction (the "CIP"). The planned gross floor area ("GFA") of the CIP will be approximately 700 sq.m. upon completion. The estimated total construction cost is approximately RMB1,420,000, of which approximately RMB500,000 had been paid up to the date of valuation. The construction works of the CIP are scheduled to be completed in about 2011. The land use rights of the property have been granted for a term of 50 years expiring on 2 November 2053 for gas filling station use.	The property is under development.	800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 23 September 2003, the land use rights of the property with a site area of approximately 6,667 sq.m. were contracted to be granted to Lindong Huailai Guorun Urban Development & Construction Company Limited (臨東懷來國潤城鎮開發建設有限公司) (now known as Huailai Huagang Gas Company Limited (懷來華港燃氣有限公司)("Huailai Huagang")) at a land premium of RMB300,015 for a term of 50 years for gas filling station use.

2. Pursuant to a State-owned Land Use Rights Certificate, Guo Yong (2003) Zi Di No. 597 dated 6 November 2003, the land use rights of the property with a site area of approximately 6,667 sq.m. have been granted to Huailai Huagang for a term expiring on 2 November 2053 for gas filling station use.

3. Pursuant to a Construction Land Planning Permit, No. KO(2004)0013, dated 7 March 2004, Huailai Huagang is permitted to use the land with a site area of approximately 10 mu for the construction of the property.

4. Pursuant to a Construction Work Planning Permit, No. KC(2004)017, buildings with a total GFA of approximately 248 sq.m. is permitted to be developed by Huailai Huagang.

5. In the valuation of this property, we have attributed no commercial value to the CIP as relevant construction commencement permits of the CIP have not been obtained.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

7. Huailai Huagang is a 37.08% – owned subsidiary of the Company.

Group V – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
339.	Units 701 and 702, Level 7, Gate No. 4, Block 9, Yuanyang Fengjing, No. 15 De Sheng Men Xi Da Street, Haidian District, Bejing, The PRC 中國北京市 海澱區 德勝門西大街15號 遠洋風景9號樓 4單元7樓 701及702室	The property comprises 2 residential units on Level 7 of a 13-storey residential building erected on a 2-storey basement completed in about 2002. The total gross floor area ("GFA") of the property is approximately 330.23 sq.m.	As advised by the Group, the property is leased to an independent third party for a term expiring on 9 May 2011 at a monthly rent of RMB19,800 exclusive of all relevant outgoings.	9,900,000
340.	The basement of a commercial building located at No. 63-D Dong Yi Road, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 東一路63-D號 一幢商服樓 之地下室	The property comprises a single-storey basement on which a 6-storey commercial building erected thereon completed in 2003. The gross floor area ("GFA") of the property is approximately 3,112.54 sq.m.	As advised by the Group, the property is subject to a tenancy with a term expiring on 31 October 2011 at a monthly rent of RMB25,000 exclusive of all relevant outgoings.	7,500,000

Notes:

1. As advised by the Group, the property was purchased by Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") in 2009 at a total consideration of RMB2,972,070.

2. Pursuant to 2 Building Ownership Certificates (房屋所有權證), X Jing Fang Quan Zheng Hai Zi Di Nos. 087817 and 087831 (X京房權證海字第087817及087831號), the building ownership rights of the property with a total GFA of approximately 330.23 sq.m. are legally owned by Xinjiang Xinjie.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the property is not subject to mortgages or any other material encumbrances; and

   b. The buildings of the property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

Notes:

1. Pursuant to a Debt Payment Agreement dated 22 July 2009, the property was contracted to be transferred to Xinjiang Xinjie Company Limited (新疆新捷股份有限責任公司) ("Xinjiang Xinjie") at a consideration of RMB6,225,080.

2. Pursuant to a Building Ownership Certificate (房屋所有權證), Shi Fang Quan Zheng Shi Zi Di No. 00145720 (石房權證市字第00145720號), the building ownership rights of the property with a GFA of approximately 3,112.54 sq.m. are legally owned by Xinjiang Xinjie.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The property with building ownership certificates can be used, transferred, leased and mortgaged.

4. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

Group VI – Properties to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
341.	Levels 34 and 35, Nantong International Trade Centre, Chong Chuan Road, Yuan Lin Road, Xincheng District, Nantong City, Jiangsu Province, The PRC 中國江蘇省 南通市新城區 園林路 崇川路之 南通國際貿易中心 34及35層	The property comprises the whole of Levels 34 and 35 of a 37-storey service apartment/office building known as Nantong International Trade Centre completed in 2010. The total gross floor area ("GFA") of the property is 3,309.24 sq.m.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to 2 Commodity House Sale and Purchase Contracts（商品房買賣合同）entered into between PYI Xingdong Properties (Jiangsu) Limited（保華興東置業(江蘇)有限公司） and PetroChina Jiangsu Liquefied Natural Gas Company Limited（中石油江蘇液化天然氣有限公司）("Jiangsu LNG") both dated 2 November 2009, the property with a GFA of 3,309.24 sq.m. is contracted to be transferred to Jiangsu LNG at a consideration of RMB39,710,880.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Jiangsu LNG is a 55%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
342.	Unit 3301, Level 33, Nantong International Trade Centre, Chong Chuan Road, Yuan Lin Road, Xincheng District, Nantong City, Jiangsu Province, The PRC 中國江蘇省 南通市新城區 園林路 崇川路之 南通國際貿易中心 33層3301室	The property comprises an office unit on Level 33 of a 37-storey service apartment/office building known as Nantong International Trade Centre completed in 2010. The gross floor area ("GFA") of the property is 1,643.76 sq.m.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to 2 Commodity House Sale and Purchase Contracts（商品房買賣合同）entered into between PYI Xingdong Properties (Jiangsu) Limited（保華興東置業(江蘇)有限公司） and Jiangsu Huagang Gas Company Limited（江蘇華港燃氣有限公司）("Jiangsu Huagang") dated 13 September 2010, the property with a GFA of 1,643.76 sq.m. is contracted to be transferred to Jiangsu Huagang at a consideration of RMB19,231,992.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained; and

   b. The Commodity House Sale and Purchase Contracts are valid. The purchaser can obtain the building ownership by applying for relevant Building Ownership Certificates.

4. Jiangsu Huagang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
343.	A Gas Filling Station located at Panlong Village, Sanhe Town, Jiangyou City, Sichuan Province, The PRC 位於中國四川省江油市三合鎮蟠龍村之一個加氣站	The property comprises 2 land parcels with a total site area of approximately 1,954 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 297.18 sq.m. The land use rights of the property have been granted for a common term expiring on 9 June 2042 for commercial use.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates, Jiang Guo Yong (2009) Di Nos. 0300500 and 0300501 both dated 12 May 2009, the land use rights of the property with a total site area of approximately 1,954 sq.m. have been granted to Sichuan Bureau for a common term expiring on 9 June 2042 for commercial use.

2. For the 2 buildings of the property with a GFA of approximately 297.18 sq.m., we have not been provided with any title certificates.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

6. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
344.	A Gas Filling and Distribution Station located at the northern side of 1st Road, Xining Section, Suining City Development Zone, Sichuan Province, The PRC 位於中國四川省遂寧市開發區西寧片區1號路以北之一個加氣及配氣站	The property comprises a land parcel with a site area of approximately 8,832.61 sq.m. and 4 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 764 sq.m. The land use rights of the property have been granted for a term expiring on 17 March 2047 for commercial use.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a gas filling and distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, No. 2007-Gua 02 entered into between Suining City Land and Resources Bureau and Sichuan Petroleum Management Bureau Distribution Company dated 18 March 2007, the former agreed to grant to the latter the land use rights of the property for a term of 40 years for commercial use at a land premium of RMB6,904,600.

2. Pursuant to a State-owned Land Use Rights Certificate, Sui Guo Yong (2009) Di No. 16847 dated 3 April 2009, the land use rights of the property with a site area of approximately 8,832.61 sq.m. have been granted to Sichuan Bureau for a term expiring on 17 March 2047 for commercial use.

3. For the 4 buildings of the property with a total GFA of approximately 764 sq.m., we have not been provided with any title certificates.

4. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

5. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property.

7. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
345.	A Petrol and Gas Filling Station located at No. 19 Huohua Road, Jialing District, Nanchong City, Sichuan Province, The PRC 位於中國四川省南充市嘉陵區火花路19號之一個加油加氣站	The property comprises a land parcel with a site area of approximately 4,556.79 sq.m. and 6 buildings and various ancillary structures completed in various stages between 1997 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 473.4 sq.m. The land use rights of the property have been allocated as petrol station and office uses.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Nan Chong Shi Guo Yong (2004) Di No. 0002251 dated 25 March 2004, the land use rights of the property with a site area of approximately 4,556.79 sq.m. have been allocated to Nanchong Kerosene Plant Yannan Industrial Company ("Yannan") as petrol station and office uses.

2. Pursuant to a Building Ownership Certificate, Nan Quan Zi Di No. 019117, the building ownership rights of 2 buildings of the property with a total GFA of approximately 238.4 sq.m. are legally owned by Yannan.

3. For the remaining buildings of the property with a total GFA of approximately 235 sq.m., we have not been provided with any title certificates.

4. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

5. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Yannan is being dissolved;

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land; and

   c. The buildings of the property with building ownership certificates cannot be used, transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

7. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
346.	5 Units located at Nos. 220-222 Yuejin Street, Jine Town, Longchang County, Neijiang City, Sichuan Province, The PRC 位於中國四川省內江市隆昌縣金鵝鎮躍進街220-222號之五個單位	The property comprises 5 units on Level 1 and Level 2 of a 7-storey composite building completed in about 2000. The total gross floor area ("GFA") of the buildings is approximately 382.47 sq.m. The land use rights of the property have been granted for terms expiring on 19 January 2012 for business use and 19 January 2017 for office use.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) for business and office uses.	No Commercial Value

Notes:

1. Pursuant to 5 State-owned Land Use Rights Certificates, Long Guo Yong (2002) Zi Di Nos. 0706, 0708, 0709, 0710 and 0711, the land use rights of the property with a total apportioned site area of approximately 56.2 sq.m. have been granted to Southwest Sichuan Huayou Group Longchang Oil and Gas Sales Company ("Longchang Company") for terms expiring on 19 January 2012 for business use and 19 January 2017 for office use.

2. Pursuant to 5 Building Ownership Certificates, Long Fang Quan Zheng Jian Zheng Zi Di Nos. 00052002 to 0052006, the building ownership rights of the property with a total GFA of approximately 382.47 sq.m. are legally owned by Longchang Company.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Longchang Company is being dissolved;

   b. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances;

   c. The grantee of the land use rights has the rights to use, transfer, lease and mortgage the land use rights of the property; and

   d. The property with building ownership certificates can be used, transferred, leased and mortgaged.

6. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
347.	A CNG Distribution Station located at Dashiqiao Village, Nanjiang Town, Suining City Central District, Sichuan Province, The PRC 位於中國四川省遂寧市中區南強鎮大石橋村之一個壓縮氣天然氣分輸站	The property comprises a land parcel with a site area of approximately 705 sq.m. and a building and various ancillary structures completed in 2005 erected thereon. The gross floor area ("GFA") of the building is approximately 245.54 sq.m. The land use rights of the property have been obtained as gas distribution station.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a CNG distribution station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Sui Qu Guo Yong (1998) Zi Di No. 0052, the land use rights of the property with a site area of approximately 705 sq.m. have been obtained by Central Sichuan Shallow Oil and Gas Development Company Limited ("Central Sichuan") as gas distribution station.

2. For the building of the property with a GFA of approximately 245.54 sq.m., we have not been provided with title certificates.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Central Sichuan is being dissolved; and

   b. Nature of the land use rights of the property could not be ascertained.

6. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
348.	A Gas Filling Station located at Shangba Village, Lantian Town, Jiangyang District, Luzhou City, Sichuan Province, The PRC 位於中國四川省瀘州市江陽區蘭田鎮上壩村之一個加氣站	The property comprises a land parcel with a site area of approximately 4,601 sq.m. and 6 buildings and various ancillary structures completed in about 2006 erected thereon. The gross floor area ("GFA") of the building is approximately 1,506 sq.m. The land use rights of the property have been obtained for a term expiring on 26 June 2016 as gas filling station.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, the land use rights of the property with a site area of approximately 4,601 sq.m. have been obtained by Luzhou Petroleum Guangtong Transportation Company ("Luzhou Guangtong") for a term expiring on 26 June 2016 as a gas filling station.

2. For the 6 buildings of the property with a total GFA of approximately 1,506 sq.m., we have not been provided with title certificates.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Luzhou Guangtong is being dissolved; and

   b. Nature of the land use rights of the property could not be ascertained.

6. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
349.	A Petrol and Gas Filling Station located at Banxiang Village, Weiping Township, Yantan District, Zigong City, Sichuan Province, The PRC 位於中國四川省自貢市沿灘區衛坪鄉板巷村之一個加油加氣站	The property comprises a land parcel with a site area of approximately 2,345.61 sq.m. and 7 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 453 sq.m. The land use rights of the property have been allocated for car washing use.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Chuan Guo Yong (96) Zi Di No. 08041, the land use rights of the property with a site area of approximately 2,345.61 sq.m. have been allocated to Sichuan Petroleum Management Bureau Southwest Sichuan Mining Area for car washing use.

2. For the 7 buildings of the property with a total GFA of approximately 453 sq.m., we have not been provided with title certificates.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. As advised by the Group's PRC legal advisor, the existing use of the property violates the PRC laws and the Group might be subject to an order to apply for changing the designated land use of the land parcel. Since the land use rights certificate has been obtained, the possession of the land use rights would not be affected by the existing use. We have valued the land parcel based on the designated use in accordance with the land use rights certificate.

5. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

7. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
350.	A Gas Filling Station located at Group 9 Jigong Residential Committee, Fenghuang Township. Daan District, Zigong City, Sichuan Province, The PRC 位於中國四川省自貢市大安區鳳凰鄉濟公居委會9組之一個加氣站	The property comprises a land parcel with a site area of approximately 7,152.14 sq.m. and 5 buildings and various ancillary structures completed in various stages between 2005 and 2010 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 2,788 sq.m. The land use rights of the property have been allocated for industrial use.	The property is occupied by Sichuan Petroleum Management Bureau (四川石油管理局) as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate, Chuan Guo Yong (2009) Di No. 00261 dated 14 August 2009, the land use rights of the property with a site area of approximately 7,152.14 sq.m. have been allocated to Sichuan Bureau for industrial use.

2. For the 5 buildings of the property with a total GFA of approximately 2,788 sq.m., we have not been provided with title certificates.

3. As advised by the Group, the property is to be acquired by Sichuan Chuangang Gas Company Limited (四川川港燃氣有限責任公司) ("Chuangang").

4. In the valuation of this property, we have attributed no commercial value to the property as the title of the property is not vested in Chuangang.

5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the land parcel of the property is not subject to mortgages or any other material encumbrances; and

   b. The land use rights of the property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land.

6. Chuangang is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
351.	A land parcel located in Petrochemical Industrial Zone, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 石化工業園內 之一塊土地	The property comprises a vacant land parcel with a site area of approximately 117,421.77 sq.m. As advised by the Group, the property is planned to be developed into a LNG plant with 11 buildings and various ancillary structures with a total proposed total gross floor area ("GFA") of approximately 9,020 sq.m. The land use rights of the property will be granted for a term of 50 years commencing on 1 July 2010 for industrial use.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract（國有建設用地使用權出讓合同）dated 20 May 2010, the land use rights of the property with a site area of approximately 117,421.77 sq.m. were contracted to be granted to Karamay Xinjie Liquefied Natural Gas Company Limited（克拉瑪依新捷液化天然氣有限公司）("Karamay Xinjie LNG") at a land premium of RMB10,250,000 for a term of 50 years commencing on 1 July 2010 for industrial use.

2. Pursuant to a Land Grant Planning Conditions（土地出讓規劃條件）dated 24 March 2010, the planning requirements of the property are as follows:

Plot Ratio	:	> 0.6
Building Density	:	> 30%
Greenery Ratio	:	> 15%

3. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

5. Karamay Xinjie LNG is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
352.	A land parcel located in Jiuyunjie Town, Fukang City, Changji Hui Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 昌吉回族自治州 阜康市 九運街鎮 之一塊土地	The property comprises a land parcel with a site area of approximately 6,437 sq.m As advised by the Group, the property is planned to be developed by Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") into a gas filling station with a building and various ancillary structures with a total proposed total gross floor area ("GFA") of approximately 538.47 sq.m.	The property is vacant.	No Commercial Value

Notes:

1. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

353.	A parcel of land located at Liujiagu Village, Shagedu Town, Zhungeer Banner, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 准格爾旗 沙圪堵鎮 劉家渠村之 一塊土地	The property comprises a land parcel with a site area of approximately 30 mu. As advised by the Group, the detailed planning of the development is yet to be determined.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Contract, the land use rights of the property with a site area of approximately 20,000 sq.m. were contracted to be transferred to Inner Mongolia Huayou Natural Gas Company Limited（內蒙古華油天然氣有限責任公司）("Inner Mongolia Huayou") for gas filling station use.

2. In the valuation of this property, we have attributed no commercial value to the property as relevant title certificates of the property have not been obtained.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided;

   b. Nature of the land use rights of the property could not be ascertained; and

   c. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Inner Mongolia Huayou is a 51.01%-owned subsidiary of the Company.

Group VII – Properties held by the Group for owner-occupation in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
354.	A residential building located at No. 146 Fano Street, Arcadia, Los Angeles, California, The USA	The property comprises a 3-storey residential building completed in about 2006. The gross floor area ("GFA") of the property is approximately 4,593 sq.ft. The land use rights of the property are in fee simple.	The property is occupied by the Group for residential purpose.	11,400,000

Notes:

1. Pursuant to a Grand Deed, the registered owner of the property is SAPET Development Corporation.

2. SAPET Development Corporation is a 50%-owned subsidiary of the Company.

355.	Avenida General Ernesto Montagne 540, Miraflores, Lima, Peru	The property comprises a 2-storey house completed in about 1961. The gross floor area ("GFA") of the property is approximately 486 sq.m. The property is owned freehold.	The property is occupied by the Group for residential purpose.	4,050,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.

2. The opinion given by the Peru legal advisor to the Group is as follows:

   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and

   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.

3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
356.	Avenida Jose A. Encinas 212, Miraflores, Lima, Peru	The property comprises a 2-storey (plus a basement level) house completed in about 1964. The gross floor area ("GFA") of the property is approximately 349 sq.m. The property is owned freehold.	The property is occupied by the Group for residential purpose.	2,550,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.
2. The opinion given by the Peru legal advisor to the Group is as follows:
   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and
   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.
3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

357.	Calle Jose Gabriel Chariarse 718, Miraflores, Lima, Peru	The property comprises a 3-storey house completed in about 1950. The gross floor area ("GFA") of the property is approximately 321 sq.m. The property is owned freehold.	The property is occupied by the Group for residential purpose.	1,750,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.
2. The opinion given by the Peru legal advisor to the Group is as follows:
   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and
   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.
3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
358.	A residential compound located at Calle 1 Mza C, Parcela D, Lote 3, Parinas District, Talara Province, Peru	The property comprises a land parcel with a site area of approximately 3,396.94 sq.m. and 8 residential buildings completed in around 1990 erected thereon. The total gross floor area ("GFA") of the property is approximately 1,525 sq.m. The property is owned freehold.	The property is occupied by the Group for residential purpose.	3,400,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.
2. The opinion given by the Peru legal advisor to the Group is as follows:
   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and
   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.
3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

359.	An industrial complex located at Avenida A, Parinas District, Talara Province, Peru	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and 8 buildings completed in around 1990 erected thereon The total gross floor area of the property is approximately 1,563 sq.m. The property is owned freehold.	The property is occupied by the Group for industrial and storage purposes.	2,550,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.
2. The opinion given by the Peru legal advisor to the Group is as follows:
   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and
   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.
3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
360.	An industrial complex located at Calle 1 Mza A, Parcela D, Parinas District, Talara Province, Peru	The property comprises a land parcel with a site area of approximately 2,840 sq.m. and 4 buildings completed in around 1995 erected thereon The total gross floor area of the property is approximately 1,800 sq.m. The property is owned freehold.	The property is occupied by the Group for industrial and storage purposes.	2,200,000

Notes:

1. The registered owner of the property is SAPET Development Peru Inc.
2. The opinion given by the Peru legal advisor to the Group is as follows:
   a. The land use rights and the building ownership rights of the property are legally vested in SAPET Development Peru Inc; and
   b. SAPET Development Peru Inc has the rights to legally occupy, use, transfer, lease and mortgage the property.
3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

Group VIII – Properties leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
361.	Unit 1512A, Level 15, Block B, Luoke Times Square, No. 103 Huizhong Li, Chaoyang District, Beijing, The PRC 中國北京市 朝陽區 慧忠里103號 洛克時代中心 B座15樓1512A室	The property comprises an office unit on Level 15 of a 20-storey office building completed in 2005. The gross floor area ("GFA") of the property is approximately 213.34 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property is leased to Beijing Jinjie Energy Investment Company Limited (北京金捷能源投資有限公司) ("Beijing Jinjie") from an independent third party for a term of 3 years expiring on 7 April 2013 at a monthly rent of RMB21,969.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Beijing Jinjie is a 97.26%-owned subsidiary of the Company.

362.	Unit 1112, Level 11, Block B, Luoke Times Square, No. 103 Huizhong Li, Chaoyang District, Beijing, The PRC 中國北京市 朝陽區 慧忠里103號 洛克時代中心 B座11樓1112室	The property comprises an office unit on Level 11 of a 20-storey office building completed in 2005. The gross floor area ("GFA") of the property is approximately 216.05 sq.m.	The property is occupied by the Group for office purpose use.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Hebei Huayou Natural Gas Company Limited (河北華油天然氣有限責任公司) ("Hebei Huayou") from an independent third party for a term of 1 year expiring on 7 April 2011 at a monthly rent of RMB24,972.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
363.	A Gate Station located at Jing-Shen Highway, Ciqu Opto-Mechatronics Industrial Park, Tongzhou District, Beijing, the PRC 位於中國北京市 通州區 京瀋高速公路 之一個門站	The property comprises a land parcel with a site area of approximately 8,000.04 sq.m. and 4 buildings and various ancillary structures completed in various stages between 1985 and 1994 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,141 sq.m.	The property is occupied by the Group as a CNG gate station.	No Commercial Value

Notes:

1. Pursuant to an Assets Use & Deposit Agreement, Beijing Huayou Dongfang Gas Sales Company Limited (北京華油東方燃氣銷售有限公司) ("Huayou Dongfang") has the rights to use and manage the property.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Huayou Dongfang is a 34.17%-owned subsidiary of the Company.

364.	A unit on Level 4, People's Bank of China Shuyang Branch Building, Shenzhen Road, Shuyang County, Suqian City, Jiangsu Province, The PRC 位於中國江蘇省 宿遷市沭陽縣 深圳路 中國人民銀行沭陽支行辦公樓4樓之一個單位	The property comprises an office unit on Level 4 of a 5-storey office building completed in 2000s. The gross floor area ("GFA") of the property is approximately 27.5 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Shuyang Baojie Gas Company Limited (沭陽保捷燃氣有限公司) ("Shuyang Baojie") from an independent third party for a term of 1 year expiring on 1 September 2011 at an annual rent of RMB16,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Shuyang Baojie is a 68.08%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
365.	Units 401 to 413, Level 4, Block G, Overseas Scholars Innovation Park, Zhangjiagang Economic Development Zone, Zhangjiagang City, Jiangsu Province, The PRC 中國江蘇省 張家港市 張家港經濟開發區 留學生創業園 G棟4樓 401-403室	The property comprises 13 office units on Level 4 of a 5-storey office building completed in 2007. The total gross floor area ("GFA") of the property is approximately 900 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to an Agreement, the property is leased to Jiangsu Xinjie New Energy Company Limited（江蘇新捷新能源有限公司）("Jiangsu Xinjie") from an independent third party for a term of 3 years expiring on 8 July 2013 at an annual rent of RMB54,000 inclusive of management fee.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Jiangsu Xinjie is a 68.08%-owned subsidiary of the Company.

366.	A Gas Filling Station located at No. 176 Feng Tai South Road, Yuhuatai District, Nanjing City, Jiangsu Province, The PRC 位於中國 江蘇省南京市 雨花臺區 風台南路176號 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,726.3 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 601 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol Filling Station Co-operation Agreement, the property is leased to Nanjing Baojie Gas Company Limited（南京保捷燃氣有限責任公司）("Nanjing Baojie") from an independent third party for a term of 15 years expiring on 1 March 2024 at an annual rent of RMB400,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Nanjing Baojie is a 68.08%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
367.	A Gas Filling Station located at No. 128 Pu Zhu Road, Pukou District, Nanjing City, Jiangsu Province, The PRC 位於中國 江蘇省南京市 浦口區 浦珠路128號 之一個加氣站	The property comprises potion of a land parcel with a site area of approximately 1,392 sq.m. and portion of a building and various structures completed in 2010 erected thereon. The gross floor area ("GFA") of the portion of the building is approximately 174 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol Filling Station Co-operation Agreement, the property is leased to Nanjing Baojie Gas Company Limited（南京保捷燃氣有限責任公司）("Nanjing Baojie") from an independent third party for a term of 20 years expiring on 28 February 2030 at an annual rent of RMB1,500,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Nanjing Baojie is a 68.08%-owned subsidiary of the Company.

368.	A Gas Filling Station located at North Bus Carpark, Yangshe Town, Zhangjiagang City, Jiangsu Province, The PRC 位於中國江蘇省 張家港市楊舍鎮 城北公交停車場 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,332 sq.m. and a building and various structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 45 sq.m.	The property is occupied by the Group as a LNG filling station.	No Commercial Value

Notes:

1. Pursuant to a LNG Filling Station Site Tenancy Contract, the land use rights of the land parcel of the property is leased to Zhangjiagang Fugang New Energy Company Limited（張家港富港新能源有限公司）("Zhangjiagang Fugang") from an independent third party for a term of 8 years expiring on 17 April 2018 at an annual rent of RMB20,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Zhangjiagang Fugang is a 44.25%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
369.	Unit B2102, Level 21, Block AB, Yida Redbud Business Centre, Xin Chang West Road, Jinfeng District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC 中國寧夏回族自治區 銀川市金風區 新昌西路 易大•紫荊花商務中心 AB座21層 B2102室	The property comprises an office unit on Level 21 of a 23-storey commercial building completed in 2009. The gross floor area ("GFA") of the property is approximately 268.43 sq.m. The property is leased to the Group for a term expiring on 14 January 2025.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Ningxia Ninghua Sanhe Trading Company Limited (寧夏寧化三和商貿有限公司)("Ninghua Sanhe") from an independent third party for a term of 15 years expiring on 14 January 2025 at an annual rent of RMB113,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Ninghua Sanhe is a 63.22%-owned subsidiary of the Company.

370.	A Gas Master & Filling Station located at No. 1338 Beijing West Road, Xixia District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC 位於中國 寧夏回族自治區 銀川市西夏區 北京西路1338號 之一個天然氣母站及加氣站	The property comprises a land parcel with a site area of approximately 4,413.4 sq.m. and a building and various ancillary structures completed in 1998 erected thereon. The gross floor area ("GFA") of the building is approximately 552.35 sq.m.	The property is occupied by the Group as a gas distribution and filling station.	No Commercial Value

Notes:

1. Pursuant to a Land & Attachments Tenancy Contract, the property is leased to Beijing Jinjie Energy Investment Company Limited (北京金捷能源投資有限公司) ("Beijing Jinjie") from an independent third party for a term of 20 years expiring on 25 October 2030 at an annual rent of RMB 25,597.72.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The property cannot be transferred, leased and mortgaged as the nature of land use rights of the property is allocated land; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

3. Beijing Jinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
371.	A Petrol and Gas Filling Station located at Yin Heng East Road, Xingqing District, Yinchuan City, Ningxia Hui Autonomous Region, The PRC 位於中國 寧夏回族自治區. 銀川市興慶區 銀橫東路 之一個加油加氣站	The property comprises a land parcel with a site area of approximately 5,697.36 sq.m. and 3 buildings and various ancillary structures completed in various stages between 2001 and 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 371 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. As advised by the Group, the property is leased from Changqing Petroleum Explore Bureau Yinchuan Yange Lake Property Management Department（長慶石油勘探局銀川燕鴿湖物業處）(the "lessor"), an independent third party, to Ningxia Chengqingyuan Industrial Company Limited（寧夏承慶源工貿有限公司）("Chengqingyuan") at an annual rent of RMB 27,062.46 on yearly basis.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained;

   b. Nature of the land use rights of the property could not be ascertained; and

   c. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

3. Chengqingyuan is a 63.22%-owned subsidiary of the Company.

372.	An Office Unit located at Level 2, Xiaoshan International Business Centre, No. 458 Jin Cheng Road, Xiaoshan District, Hangzhou City, Zhejiang Province, The PRC 位於中國浙江省 杭州市蕭山區 金城路458號 蕭山國際商務中心 2樓之一個辦公室單位	The property comprises an office unit on Level 2 of a 28-storey office building erected on a 4-storey commercial podium completed in 2005. The gross floor area ("GFA") of the property is approximately 450 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Sub-lease Contract, the property is leased to Zhejiang Xinjie Zhongyou Natural Gas Utilities Company Limited（浙江新捷中油天然氣利用有限公司）("Zhejiang Xinjie") from an independent third party for a term of 5 years expiring on 28 February 2015 at an annual rent of RMB132,997.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the validity of the tenancy, the transferor's right to sublet and the tenant's rights to use and occupy the property cannot be ascertained.

3. Zhejiang Xinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
373.	Room 101, Block 14, Mudan Community, Beilun District, Ningbo City, Zhejiang Province, The PRC 中國浙江省 寧波市北侖區 牡丹小區14幢101室	The property comprises a residential unit on Level 1 of a 12-storey residential building completed in 2001. The gross floor area ("GFA") of the property is approximately 118 sq.m.	The property is occupied by the Group for residential purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Deed（房屋租賃契約）("the Deed"), the property is leased to Ningbo Xinjie CNPC Natural Gas Company Limited（寧波新捷中油天然氣有限公司）("Ningbo Xinjie") from an independent third party for a term expiring on 22 March 2011 at a monthly rent of RMB2,300 exclusive of utility charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the validity of the tenancy and the lessee's rights to use and occupy the property cannot be ascertained;

   b. The documents for registration of the tenancy have not been provided; and

   c. The non-registration will not affect the legality of the Deed.

3. Ningbo Xinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
374.	Unit 1201, Level 12, Block A, Optics Valley International Plaza, No. 889 Luo Yu Road, Hongshan District, Wuhan City, Hubei Province, The PRC 中國湖北省 武漢市洪山區 珞喻路889號 光谷國際廣場 A棟12層 1201室	The property comprises an office unit on Level 12 of a 25-storey commercial building completed in 2010. The gross floor area ("GFA") of the property is approximately 428.4 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") from an independent third party for a term of 5 years expiring on 14 November 2015 at a monthly rent of RMB23,562 for the first 3 years which shall be increased by 6% annually thereafter.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

375.	Portion of Light Hydrocarbon Recovery Plant located at Yima Town, Qing Cheng County, Qingyang City, Gansu Province, The PRC 位於中國 甘肅省慶陽市 慶城縣驛馬鎮 之一個輕烴回收廠之一部分	The property comprises portion of a land parcel with a site area of approximately 6,504 sq.m. and 12 buildings and various structures erected thereon completed in 2010. The total gross floor area ("GFA") of the buildings is approximately 1,019.45 sq.m.	The property is occupied by the Group for light hydrocarbon recovery use.	No Commercial Value

Notes:

1. Pursuant to a Light Hydrocarbon Devices Tenancy Agreement, the property is leased to Qingyang Xinda Technique Engineering Limited Liability Company (慶陽欣達技術工程股份有限公司) ("Qingyang Xinda") from an independent third party for a term of 10 years expiring on 30 November 2019. The annual rent of the property together with the machinery and equipments within the property is RMB3,433,3000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Qingyang Xinda is a 51%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
376.	A land parcel and various buildings and structures located at Bo Hai East Road, Xing Long Tai District, Panjin City, Liaoning Province, The PRC 位於中國遼寧省盤錦市興隆台區渤海東路之一塊土地及若干建築物及構築物	The property comprises a land parcel with a site area of approximately 15,890 sq.m. and 5 buildings and various structures erected thereon completed in 2003. The total gross floor area ("GFA") of the buildings is approximately 1,500 sq.m.	The property is occupied by the Group for storage, car parking and office uses.	No Commercial Value

Notes:

1. Pursuant to a Land Use Rights Tenancy Contract, the land use rights of the land parcel of the property with a site area of approximately 15,890 sq.m. are leased to Beckbury International Limited (Beckbury 國際有限公司) ("Beckbury") from an independent third party for a term of 15 years expiring on 31 December 2016 at an annual rent of RMB170,000.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of land is not vested in Beckbury.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents and relevant documents of the property have not been provided to ascertain if the allocated land can be leased; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Beckbury is a wholly-owned subsidiary of the Company.

377.	A Gas Filling Station located at No. 45 Zhenchuan Main Road North, Chikan District, Zhanjiang City, Guangdong Province, The PRC 位於中國廣東省湛江市赤坎區椹川大道北45號之一個加氣站	The property comprises a land parcel with a site area of approximately 12,330 sq.m. and 4 buildings and various ancillary structures completed in 2000s erected thereon. The total gross floor area ("GFA") of the property is approximately 727.5 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the land use rights of the property is leased to Zhanjiang Zhongyou Xinao Gas Limited (湛江中油新奧天然氣有限公司) ("Zhanjiang Zhongyou") from an independent third party for a term commencing from 1 October 2010 and expiring on 31 August 2025, at an annual rent of RMB443,880 from 1 October 2010 to 31 August 2011, RMB517,860 from 1 September 2011 to 31 August 2016, RMB591,840 from 1 September 2016 to 31 August 2021 and RMB665,820 from 1 September 2021 to 31 August 2025.

2. As advised by the Group's PRC legal advisor that the property may be associated with risks of being fined and receiving order to demolish. Thus, the market value of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Zhanjiang Zhongyou.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided to ascertain nature of the land use rights and planning use; and

   b. If the property is not complying with local planning regulation, the property might be associated with risks of being fined and receiving order to demolish.

5. Zhanjiang Zhongyou is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
378.	A Gas Filling Station located at Jichang Road, Xiashan District, Zhanjiang City, Guangdong Province, The PRC 位於中國廣東省湛江市霞山區機場路之一個加氣站	The property comprises a land parcel with a site area of approximately 5,290.45 sq.m. and various ancillary structures completed in 2011 erected thereon.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 16 October 2010, the land use rights of the property is leased to Zhanjiang Zhongyou Xinao Gas Limited（湛江中油新奧天然氣有限公司）("Zhanjiang Zhongyou") from an independent third party for a term commencing from 16 October 2010 and expiring on 15 October 2020, at a monthly rent of RMB3.9/sq.m. for the first year to the third year, RMB4.49/sq.m. for the fourth year to the sixth year, RMB5.16/sq.m. for the seventh year to the ninth year and RMB5.93/sq.m. for the tenth year.

2. As advised by the Group's PRC legal advisor that the property may be associated with risks of being fined and receiving order to demolish. Thus, the market value of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Zhanjiang Zhongyou.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided to ascertain nature of the land use rights and planning use; and

   b. If the property is not complying with local planning regulation, the property might be associated with risks of being fined and receiving order to demolish.

5. Zhanjiang Zhongyou is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
379.	A Gas Filling Station located at Ruiang Road, Mazhang District, Zhanjiang City, Guangdong Province, The PRC 位於中國廣東省湛江市麻章區瑞康路之一個加氣站	The property comprises a land parcel with a site area of approximately 4,526.91 sq.m. and 3 buildings and various ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the property is approximately 496 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 31 December 2006, the land use rights of the property is leased to Zhanjiang Zhongyou Xinao Gas Limited（湛江中油新奧天然氣有限公司）("Zhanjiang Zhongyou") from an independent third party for a term commencing on 1 January 2007 and expiring on 31 December 2025, at a monthly rent of RMB2/sq.m. from 1 January 2007 to 31 December 2008, RMB2.2/sq.m. from 1 January 2009 to 31 December 2010, RMB2.4/sq.m. from 1 January 2011 to 31 December 2012, RMB2.6/sq.m. from 1 January 2013 to 31 December 2014, RMB2.8/sq.m. from 1 January 2015 to 31 December 2016,. RMB3/sq.m. from 1 January 2017 to 31 December 2018, RMB3.2/sq.m. from 1 January 2019 to 31 December 2020, RMB3.4/sq.m. from 1 January 2021 to 31 December 2022, RMB3.6/sq.m. from 1 January 2023 to 31 December 2024 and RMB3.8/sq.m. from 1 January 2025 to 31 December 2025.

2. As advised by the Group's PRC legal advisor that the property may be associated with risks of being fined and receiving order to demolish. Thus, the market value of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Zhanjiang Zhongyou.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided to ascertain nature of the land use rights and planning use; and

   b. If the property is not complying with local planning regulation, the property might be associated with risks of being fined and receiving order to demolish.

5. Zhanjiang Zhongyou is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
380.	Unit E10-11 on Level 5, Jinxiuhuajing Composite Building, No. 12 Luhua Road, Economic Technology Development Zone, Zhanjiang City, Guangdong Province, The PRC 中國廣東省 湛江市 經濟技術開發區 綠化路12號 錦綉華景綜合樓 第五層E10-11單位	The property comprises an office unit on Level 5 of a 6-storey office building completed in about 2005. The gross floor area ("GFA") of the property is approximately 288.747 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Property Lease Contract, the property is leased to Zhanjiang Zhongyou Xinao Gas Limited (湛江中油新奧天然氣有限公司) ("Zhanjiang Zhongyou") from an independent third party for a term commencing on 1 May 2010 and expiring on 30 April 2012 at a monthly rent of RMB10,684 exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Zhanjiang Zhongyou is a 49.31%-owned subsidiary of the Company.

381.	Units 1201 and 1202, Block A, Diyi International Baian Centre, Nancheng District, Dongguan City, Guangdong Province, The PRC 中國廣東省 東莞市南城區 第一國際百安中心A座 1201及1202室	The property comprises 2 office units on Level 12 of a 21-storey composite building completed in about 2000s. The total gross floor area ("GFA") of the property is approximately 309.76 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 19 December 2009, the property is leased to Guangzhou Jiufeng Gas Business Development Limited (廣東九豐天然氣實業發展有限公司) ("Guangzhou Jiufeng") from an independent third party for a term commencing on 1 January 2010 and expiring on 31 December 2011 at a monthly rent of RMB8,000 exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Guangzhou Jiufeng is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
382.	Units 1301, 1302 and 1303, Block A, Diyi International Baian Centre, Nancheng District, Dongguan City, Guangdong Province, The PRC 中國廣東省 東莞市南城區 第一國際百安中心A座 1301、1302及1303室	The property comprises 3 office units on Level 13 of a 21-storey composite building completed in about 2000s. The total gross floor area ("GFA") of the property is approximately 348.16 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the property is leased to Guangzhou Jiufeng Gas Business Development Limited (廣東九豐天然氣實業發展有限公司) ("Guangzhou Jiufeng") from an independent third party for a term commencing on 10 October 2010 and expiring on 9 October 2011 at a monthly rent of RMB10,125 exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Guangzhou Jiufeng is a 49.31%-owned subsidiary of the Company.

383.	Level 3, Lianfeng Composite Building, No. 1 Liuxin Road, Huangge Town, Nansha District, Guangzhou City, Guangdong Province, The PRC 中國廣東省 廣州市南沙區 黃閣鎮 留新路1號 蓮豐綜合樓三樓	The property comprises the whole of Level 3 of a 4-storey composite building completed in about 2010. The gross floor area ("GFA") of the property is approximately 275 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract and its supplemental agreement both dated 2 August 2010, the property is leased to Guangzhou Yifeng Gas Limited (廣州怡豐天然氣有限公司) ("Guangzhou Yifeng") from an independent third party for a term commencing on 1 September 2010 and expiring on 28 February 2013, at a monthly rent of RMB2,000 from 1 September 2010 to 28 February 2011 and RMB2,200 from 1 March 2011 to 28 February 2013, exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Guangzhou Yifeng is a 49.31%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
384.	A Gas Filling Station located at No. 703 Fumin Central Road, Dalang Town, Dongguan City, Guangdong Province, The PRC 位於中國廣東省東莞市大朗鎮富民中路703號之一個加氣站	The property comprises a land parcel with a site area of approximately 6,236.05 sq.m. and 3 buildings and various ancillary structures completed in 2011 erected thereon. The total gross floor area ("GFA") of the property is approximately 2,084.6 sq.m.	The property is occupied by the Group as a LNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the land use rights of the property is leased to Dongguan Dalang Jiufeng Gas Limited（東莞市大朗九豐天然氣有限公司）("Dongguan Dalang") from an independent third party for a term commencing from 1 July 2010 and expiring on 31 June 2030 at a monthly rent of RMB50,000 which shall be increased by 10% quinquennially.

2. As advised by the Group's PRC legal advisor that the property may be associated with risks of being fined and receiving order to demolish. Thus, the market value of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Dongguan Dalang.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided to ascertain nature of the land use rights and planning use; and

   b. If the property is not complying with local planning regulation, the property might be associated with risks of being fined and receiving order to demolish.

5. Dongguan Dalang is a 25.15%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
385.	A Gas Filling Station located at 107th State Road, Yongtou Village, Zhangan Town, Dongguan City, Guangdong Province, The PRC 位於中國廣東省 東莞市長安鎮湧頭村 107國道 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,255.182 sq.m. and various buildings and structures completed in 2011 erected thereon.	The property is occupied by the Group as a LNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the land use rights of the property is leased to Dongguan Dalang Jiufeng Gas Limited（東莞市大朗九豐天然氣有限公司）("Dongguan Dalang") from an independent third party for a term commencing from 11 November 2010 and expiring on 11 November 2025, at a monthly rent of RMB48,825 for the first year to the fifth year, RMB53,707 for the sixth year to the tenth year and RMB59,080 for the remaining term.

2. As advised by the Group's PRC legal advisor that the property may be associated with risks of being fined and receiving order to demolish. Thus, the market value of the property might be affected. However, in the valuation of this property, we have not taken into account the demolishment cost and fine which might arise since the cost or fine cannot be ascertained at this stage and we are advised by the Company that the risk of being subject to such cost or fine is relatively low.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Dongguan Dalang.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided to ascertain nature of the land use rights and planning use; and

   b. If the property is not complying with local planning regulation, the property might be associated with risks of being fined and receiving order to demolish.

5. Dongguan Dalang is a 25.15%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
386.	Level 2 of Block B, No. 3 Keji Seventh Road, Gaoxin District, Xian City, Shaanxi Province, The PRC 中國陝西省 西安市高新區 科技七路3號 B座二層	The property comprises Level 2 of a 5-storey office building completed in about 2007. The gross floor area ("GFA") of the property is approximately 1,167.2 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Lease Contract, the property is leased to Ansai Huayou Gas Limited (安塞華油天然氣有限公司) ("Ansai Huayou") from an independent third party for a term expiring on 31 August 2012 at an annual rent of RMB427,195.2 exclusive of all outgoings.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Ansai Huayou is a 51.01%-owned subsidiary of the Company.

387.	A CNG Filling Station located at No. 1 A Fang 3rd Raod, Xian City, Shaanxi Province, The PRC 位於中國陝西省 西安市 阿房三路1號 之一個壓縮天然氣加氣站	The property comprises a land parcel with a site area of approximately 2,300 sq.m. and 4 buildings and various ancillary structures completed in about 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 160 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Site Tenancy Agreement, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited (陝西安然能源科技有限公司) ("Shaanxi Anran") from an independent third party for a term of 15 years expiring on 31 July 2025 at an annual rent of RMB140,000 for the first three years which shall be increased by 10% triennially thereafter.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
388.	A Car Park located at No. 3 A Fang 3rd Raod, Xian City, Shaanxi Province, The PRC 位於中國陝西省 西安市 阿房三路3號 之一個停車場	The property comprises a land parcel with a site area of approximately 2,273 sq.m. and a building completed in 2000s erected thereon. The gross floor area ("GFA") of the property is approximately 20 sq.m.	The property is occupied by the Group for car parking purpose.	No Commercial Value

Notes:

1. Pursuant to a Site Tenancy Agreement, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited（陝西安然能源科技有限公司）("Shaanxi Anran") from an independent third party for a term of 16 years expiring on 31 December 2020 at an annual rent of RMB20,000 which shall be increased by 3% of RMB20,000 annually.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

389.	A Gas Filling Station located at the south of Fuyu Road, Yanta District, Xian City, Shaanxi Province, The PRC 位於中國陝西省 西安市雁塔區 富裕路南 之一個壓縮天然氣加氣站	The property comprises a land parcel with a site area of approximately 2,667 sq.m. and 4 buildings and various ancillary structures completed in about 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 220 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Contract dated 30 April 2005, Shaanxi Anran Energy Technology Limited（陝西安然能源科技有限公司）("Shaanxi Anran") is entitled to use the land use rights of the property for a term of 30 years expiring on 30 April 2035.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
390.	A Car Park located at Fuyu Road, Yanta District, Xian City, Shaanxi Province, The PRC 位於中國陝西省西安市雁塔區富裕路之一個停車場	The property comprises a land parcel with a site area of approximately 11,067 sq.m. and 2 buildings completed in about 2007 erected thereon. The total gross floor area ("GFA") of the property is approximately 115 sq.m.	The property is occupied by the Group for car parking purpose.	No Commercial Value

Notes:

1. Pursuant to a Site Tenancy Agreement dated 6 September 2007, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited (陝西安然能源科技有限公司) ("Shaanxi Anran") from an independent third party for a term of 6 years expiring on 9 September 2013 at an annual rent of RMB74,700.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

391.	A Gas Filling Station located at Yanxiang Raod, Yanta District, Xian City, Shaanxi Province, The PRC 位於中國陝西省西安市雁塔區雁翔路之一個天然氣加氣站	The property comprises a land parcel with a site area of approximately 5,000 sq.m. and 4 buildings and various ancillary structures completed in about 2006 erected thereon. The total gross floor area ("GFA") of the property is approximately 137 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 8 December 2005, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited (陝西安然能源科技有限公司) ("Shaanxi Anran") from an independent third party for a term of 15 years expiring on 7 December 2020 at an annual rent of RMB26,250 which shall be increased by 10% triennially.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
392.	A Gas Filling Station located at No. 1 Chan He East Road, Baqiao District, Xian City, Shaanxi Province, The PRC 位於中國陝西省西安市灞橋區滻河東路1號之一個天然氣加氣站	The property comprises a land parcel with a site area of approximately 2,150 sq.m. and 3 buildings and various ancillary structures completed in about 2005 erected thereon. The total gross floor area ("GFA") of the property is approximately 136 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Contract dated 20 December 2004, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited（陝西安然能源科技有限公司）("Shaanxi Anran") from an independent third party for a term of 11 years expiring on 21 April 2016.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

393.	A Car Park located at Chan He East Road, Baqiao District, Xian City, Shaanxi Province, The PRC 位於中國陝西省西安市灞橋區滻河東路之一個停車場	The property comprises a land parcel with a site area of approximately 6,267 sq.m. and 2 buildings completed in about 2008 erected thereon. The total gross floor area ("GFA") of the property is approximately 85 sq.m.	The property is occupied by the Group for car parking purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 30 July 2008, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited（陝西安然能源科技有限公司）("Shaanxi Anran") from an independent third party for a term of 3 years expiring on 19 August 2011 at an annual rent of RMB220,000.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
394.	A Gas Filling Station located at No. 8 Fangbei Raod, Baqiao District, Xian City, Shaanxi Province, The PRC 位於中國陝西省 西安市灞橋區 紡北路8號 之一個天然氣加氣站	The property comprises a land parcel with a site area of approximately 2,640 sq.m. and 5 buildings and various ancillary structures completed in about 2004 erected thereon. The total gross floor area ("GFA") of the property is approximately 162 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract dated 25 May 2004, the land use rights of the property is leased to Shaanxi Anran Energy Technology Limited (陝西安然能源科技有限公司) ("Shaanxi Anran") from an independent third party for a term of 20 years expiring on 27 May 2024 at an annual rent of RMB100,000 which shall be increased by 4% of RMB100,000 triennially.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Anran.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to sub-lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Anran is a 46.93%-owned subsidiary of the Company.

395.	A Gas Filling Station located at Jian She Second Road, Weiyang District, Xian City, Shaanxi Province, The PRC 位於中國陝西省 西安市未央區 建設二路 之一個加氣站	The property comprises a land parcel with a site area of approximately 5,000 sq.m. and certain buildings and various ancillary structures completed in about 2010 erected thereon. The total gross floor area ("GFA") of the property is approximately 2,133 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Contract dated 1 August 2005, Shaanxi Maolin Trading Limited (陝西茂林貿易有限公司) ("Shaanxi Maolin") is entitled to use the land use rights of the property for a term expiring on 1 July 2031.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of it is not vested in Shaanxi Maolin.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the land parcel of the property have not been provided, thus the lessor's rights to sub-lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

4. Shaanxi Maolin is a 46.93%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
396.	A Unit located at the northern side of Jian She Middle Section, Yu Xi Street, Nan'an Town, Dayu County, Jiangxi Province, The PRC 位於中國江西省大余縣南安鎮余西街建設路中段北側之一間房屋	The property comprises a unit on Level 5 of a 5-storey residential building completed in 2000. The gross floor area ("GFA") of the property is approximately 135 sq.m.	The property is occupied by the Group as a dormitory.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Contract, the property is leased to Hebei Huagang Gas Company Limited (河北華港燃氣有限公司) ("Hebei Huagang") from an independent third party for a term expiring on 31 October 2011 at a total rent of RMB10,200 exclusive of television, water, electricity and internet charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Hebei Huagang is a 51%-owned subsidiary of the Company.

397.	3 Units, Level 9, Chen Yu Building, No. 3 Central North Street, High Technology Zone, Taiyuan City, Shanxi Province, The PRC 中國山西省太原市高新區中心北街3號晨雨大廈9樓之三間房屋	The property comprises 3 units on Level 9 of a 16-storey office building completed in 2007. The total gross floor area ("GFA") of the property is approximately 739.8 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Shanxi Zhongyou Xinjie Natural Gas Company Limited (山西中油新捷天然氣有限公司) ("Shanxi Xinjie") from an independent third party for a term of 5 years expiring on 14 June 2015 at an annual rent of RMB64,806.36 excluding of water charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Shanxi Xinjie is a 49.6%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
398.	A Gas Filling Station located at No. 98 Tou Tun He Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 頭屯河公路98號 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,225.7 sq.m. and 2 buildings and various ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 213.6 sq.m.	The property is occupied by the Group as a CNG filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Filling Station Tenancy & Operation Contract, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term commencing on 1 March 2009 and expiring on 28 February 2019. The annual rent of the property is as following:

Year	Annual Rent *RMB*
The 1st and 2nd year	668,000
The 3rd and 4th year	818,000
The 5th, 6th and 7th year	900,000
The 8th, 9th and 10th year	1,024,000

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
399.	A Gas Filling Station located at No. 764 Bei Zhan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 北站路764號 之一個加氣站	The property comprises a land parcel with a site area of approximately 3,936.35 sq.m. and a single-storey building and various ancillary structures completed in 2007 erected thereon. The gross floor area ("GFA") of the building is approximately 247 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Filling Station Tenancy & Operation Contract, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term commencing on 1 March 2009 and expiring on 28 February 2019. The annual rent of the property is as following:

Year	Annual Rent *RMB*
The 1st and 2nd year	648,000
The 3rd and 4th year	798,000
The 5th, 6th and 7th year	900,000
The 8th, 9th and 10th year	984,000

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
400.	A Gas Filling Station located at No. 240 Dong Xiang Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 東祥路240號 之一個加氣站	The property comprises a land parcel with a site area of approximately 2,209.19 sq.m. and a single-storey building and various ancillary structures completed in 2007 erected thereon. The gross floor area ("GFA") of the building is approximately 127.2 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Filling Station Tenancy & Operation Contract, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term commencing on 1 March 2009 and expiring on 28 February 2019. The annual rent of the property is as following:

Year	Annual Rent *RMB*
The 1st and 2nd year	648,000
The 3rd and 4th year	798,000
The 5th, 6th and 7th year	900,000
The 8th, 9th and 10th year	984,000

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
401.	A Gas Filling Station located at No. 96 Yan Er Wo Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 燕兒窩路96號 之一個加氣站	The property comprises a land parcel with a site area of approximately 2,500 sq.m. and a building and various ancillary structures completed in various stages between 2001 and 2003 erected thereon. The gross floor area ("GFA") of the building is approximately 80 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Contract, the land use rights of the property with a site area of approximately 2,500 sq.m. are leased to Xinjiang Dupec Clean Energy Company Limited (新疆杜派克清潔能源有限責任公司) ("Dupec") from an independent third party for a term expiring on 1 May 2021 at a monthly rent of RMB50,000 from 30 October 2003 to 29 October 2004 which shall be increased by 5% annually thereafter.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of it is not vested in Dupec.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

4. Dupec is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
402.	A Petrol & Gas Filling Station located at No. 315 Qi Dao Wan Road South, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 七道灣南路315號之 一個加油加氣站	The property comprises a land parcel with a site area of approximately 3,500 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 65 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. As advised by the Group, the land use rights of the property are leased to Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") for a term expiring on 9 November 2030 at a monthly rent of RMB30,650.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land use rights of the property is not vested in Xinjie Gas.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

403.	A Gas Filling Station located at No. 1068 Yan An Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 延安路1068號之 一個加氣站	The property comprises a land parcel with a site area of approximately 4,000 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 456 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. As advised by the Group, the property is leased to Xinjiang Xinjie Gas Company Limited（新疆新捷燃氣有限責任公司）("Xinjie Gas") for a term expiring on 1 March 2029 at a monthly rent of RMB33,450.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
404.	A Gas Filling Station located at No. 985 Cui Quan Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 翠泉路985號 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,000 sq.m. and a building and various ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the building is approximately 75 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Gas Filling Station Site Tenancy Contract, the land use rights of the property with a site area of approximately 1,000 sq.m. are leased to Xinjiang Dupec Clean Energy Company Limited (新疆杜派克清潔能源有限責任公司) ("Dupec") from an independent third party for a term of 15 years commencing on 18 November 2003 and expiring on 17 November 2018 at an annual rent of RMB100,000.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of land is not vested in Dupec.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Dupec is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
405.	A Gas Filling Station located at No. 93 Wu Xing North Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 五星北路93號 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,500 sq.m. and a building and various ancillary structures completed in 2003 erected thereon. The gross floor area ("GFA") of the building is approximately 35 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Gas Filling Station Land Tenancy Contract, the land use rights of the property with a site area of approximately 1,500 sq.m. are leased to Xinjiang Dupec Clean Energy Company Limited (新疆杜派克清潔能源有限責任公司) ("Dupec") from an independent third party for a term commencing on 15 October 2003 and expiring on 30 September 2023 at an annual rent of RMB150,000.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of land is not vested in Dupec.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

4. Dupec is a 69.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
406.	Portion of a land parcel and 4 Rooms of a Petrol & Gas Filling Station located at Wu Wu Road, Anningqu Town, Urumqi County, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 烏魯木齊縣 安寧渠鎮 烏五公路 一個加油加氣站之部份土地及4間房屋	The property comprises portion of a land parcel and portion of Level 1 and the whole of Level 2 of a 2-storey building completed in 2005 erected on the remaining portion of the land parcel. The total gross floor area ("GFA") of the property is approximately 66.35 sq.m.	The property is occupied by the Group for gas filling operation.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term of 10 years commencing on 9 September 2010 at annual rent of RMB350,000 for the first 5 years and RMB300,000 for the last 5 years respectively.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

407.	A Land Parcel located at Wu Wu Road, Anningqu Town, Urumqi County, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 四平路 之一塊土地	The property comprises a land parcel with a site area of approximately 2,652.4 sq.m.	The property is vacant.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from two independent third parties for a term of 10 years commencing on 9 September 2010 at annual rent of RMB350,000 for the first 5 years and RMB300,000 for the last 5 years respectively.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
408.	Portions of a land parcel and portion of a building located at No. 436 Xiang Yun West Street, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 頭屯河區 祥雲西街436號 一塊土地及一幢房屋之部份	The property comprises portions of a land parcel with a site area of approximately 1,480 sq.m. and portion of a single-storey building completed in 2005 erected on the remaining portion of the land parcel. The gross floor area ("GFA") of the property is approximately 212 sq.m.	The property is occupied by the Group for gas filling operation.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement dated 23 July 2010, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term of 15 years commencing on 19 September 2010 at annual rent of RMB380,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

409.	Portion of a land parcel and 2 Rooms of a Petrol & Gas Filling Station located at No. 143 Dong Hua North Road, Urumqi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 烏魯木齊市 東華北路143號 一個加油加氣站之部份土地及2間房屋	The property comprises portion of a land parcel with a site area of 865 sq.m. and portions of single-storey building completed in 2005 erected on the remaining portion of the land parcel. The total gross floor area ("GFA") of the property is approximately 44 sq.m.	The property is occupied by the Group for gas filling operation.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement dated 5 August 2010, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term of 15 years commencing on 9 September 2010 at an annual rent of RMB400,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
410.	A Gas Filling Station located at 41st Community, Shihezi City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 石河子市 41號小區 之一個加氣站	The property comprises a land parcel with a site area of approximately 52,047 sq.m. and 3 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 98.53 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. As advised by the Group, the property is leased to Shihezi Development Zone Xinjie Gas Company Limited (石河子開發區新捷燃氣有限責任公司) ("Shihezi Gas") from an independent third party for a term expiring on 1 October 2013 at a monthly rent of RMB30,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Shihezi Gas is a 69.01%-owned subsidiary of the Company.

411.	A Liquefied Natural Gas Station located at south of Urumqi West Road, Shawan County, Tacheng Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 塔城地區 沙灣縣 烏魯木齊西路南 之一個液化天然氣站	The property comprises a land parcel with a site area of approximately 10,000 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 750 sq.m.	The property is occupied by the Group as a liquefied natural gas station.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Tenancy Contract dated 8 September 2003, the property is leased to Xinjiang Central Asia Petrol & Gas Company Limited (新疆中亞油氣有限責任公司) ("Central Asia") from an independent third party for a term expiring on 8 September 2018 at an annual rent of RMB45,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the land parcel of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

3. Central Asia is a 79.96%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
412.	The Lobby on Level 1, the Suite Room and the Conference Room and Room Nos. 202-204 on Level 2, and Room Nos. 310-318 on Level 3, Century House Service Centre, No. 350 Liao Ning Road, Yining City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 伊犁哈薩克自治州 伊寧市 遼寧路350號 世紀嘉苑服務中心 一樓大廳及 二樓套間及會議室及202至204室以及 三樓310至318室	The property comprises the lobby, a suite room, a conference room and 12 office units of a 3-storey building completed in about 2004. The total gross floor area ("GFA") of the property is approximately 1,066.08 sq.m. The property is leased to the Group for a term commencing on 1 June 2010 and expiring on 31 December 2011.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 28 April 2010, the property was leased to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") from an independent third party for a term commencing on 1 June 2010 and expiring on 31 December 2010 at a total rent of RMB150,000 exclusive of water, electricity and heat charges and management fee. As advised by the Group, the tenancy has been renewed for a term of 1 year at an annual rent of RMB250,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
413.	A Petrol & Gas Filling Station located at North Ring Road, Yining City, Ili Kazakh Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 伊犁哈薩克自治州 伊寧市 環城北路 之一個加油加氣站	The property comprises a land parcel with a site area of approximately 4,000 sq.m. and 2 buildings and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 566.6 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Land Use Rights Tenancy Contract dated 28 June 2004, the land use rights of the land parcel of the property is leased to Ily Parker Trade Company Limited（伊犁派克商貿有限責任公司）("Parker") from two independent third parties for a term expiring on 1 July 2024 at an annual rent of RMB150,000.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of it is not vested in Parker.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The lease agreement is legal and valid and the lessee has the rights to use the property.

4. Parker is a 55.41%-owned subsidiary of the Company.

414.	A Composite Building located at No. 54 Bei Xing Road, Baijiantan District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 白堿灘區 北興路54號 之一幢綜合大樓	The property comprises a 3-storey composite building completed in about 1985. The gross floor area ("GFA") of the property is approximately 2,538.26 sq.m.	The property is occupied by the Group for office and staff quarters purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated April 2010, the property was leased to HAFNIUM Limited (HAFNIUM 有限公司）("HAFNIUM") from an independent third party for a term expiring on 31 December 2010 at a annual rent of RMB450,000 exclusive of water, electricity, heat and gas charges and management fee for office and staff quarters uses. As advised by the Group, the tenancy has been renewed and the term of the tenancy is under negotiation.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. HAFNIUM is a wholly-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
415.	Portion of a Petrol & Gas Filling Station located at Ying Chun Road, Baijiantan District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 白堿灘區 迎春路 之一個加油加氣站之部份	The property comprises portion of a land parcel with a site area of approximately of 750 sq.m. and portion of a single-storey building and various ancillary structures completed in 2005 erected thereon. The gross floor area ("GFA") of the property is approximately 45 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Filling Station Tenancy & Operation Contract dated 18 March 2010, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term commencing on 1 April 2010 and expiring on 31 March 2020. The annual rent of the property is as following:

Year	Annual Rent *RMB*
The 1st and 2nd year	550,000
The 3rd and 4th year	700,000
The 5th, 6th and 7th year	820,000
The 8th, 9th and 10th year	900,000

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
416.	A land parcel located at No. 7 Kun Lun Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 昆侖路7號 之一塊土地	The property comprises a vacant land parcel with a site area of approximately of 3,500 sq.m.	The property is occupied by the Group as a car park.	No Commercial Value

Notes:

1. Pursuant to a Site Tenancy Contract dated 1 January 2010, the property was leased to HAFNIUM Limited (HAFNIUM 有限公司) ("HAFNIUM") from an independent third party for a term commencing on 1 January 2010 and expiring on 31 December 2010 at an annual rent of RMB137,500 inclusive of tax for car park use. As advised by the Group, the tenancy has been renewed and the term of the tenancy is under negotiation.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. HAFNIUM is a wholly-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
417.	Levels 2 & 3, No. 28 You Jian Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 油建路28號 二樓及三樓	The property comprises the whole of Level 2 and Level 3 of a 5-storey composite building completed in 1998. The total gross floor area ("GFA") of the property is approximately 1,303.58 sq.m.	The property is occupied by the Group for office and staff quarters purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to HAFNIUM (Xingang) Petroleum Development Company (HAFNIUM(新港)石油開發公司) ("HAFNIUM Petroleum") from an independent third party for a term commencing on 1 November 2008 and expiring on 31 October 2011 at an annual rent of RMB300,000 inclusive of tax and water, electricity and heat charges for office and dormitory uses.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. HAFNIUM Petroleum is a 54%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
418.	Level 4, Unicom Building, No. 64 Ying Bin Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 迎賓路64號 聯通大廈四樓	The property comprises the whole of Level 4 of a 7-storey composite building erected on a single-storey basement completed in 2007. The gross floor area ("GFA") of the property is approximately 700 sq.m.	The property is occupied by the Group for office and staff quarters purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 28 January 2010, the property is leased to Karamay Xinjie Liquefied Natural Gas Company Limited (克拉瑪依新捷液化天然氣有限公司) ("Karamay Xinjie LNG") from an independent third party for a term commencing on 25 February 2010 and expiring on 25 February 2013 at an annual rent of RMB210,000 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Karamay Xinjie LNG is a 97.26%-owned subsidiary of the Company.

419.	Room 201, Level 2, Free Market, 5th Quarter Jinlong Town, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 金龍鎮 五區自由市場二樓 201室	The property comprises a unit on Level 2 of a 2-storey composite building completed in 2000s. The gross floor area ("GFA") of the property is approximately 64.5 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Xinjiang Xinjie Gas Company Limited Karamay Branch (新疆新捷燃氣有限責任公司克拉瑪依分公司) ("Xinjie Gas Karamay") from an independent third party for a term commencing on 1 June 2010 and expiring on 31 May 2012 at a monthly rent of RMB1,000 inclusive of tax and exclusive of water, electricity and heat charges for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Xinjie Gas Karamay is a 68.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
420.	Unit 22, Level 2, Block 12, Yongsheng Garden, No. 89 You Yi Road, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 克拉瑪依區 友誼路89號 永昇花苑 12棟2樓22室	The property comprises a residential unit on Level 2 of a 6-storey residential building completed in 2001. The gross floor area ("GFA") of the property is approximately 53.64 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Karamay Xinjie Liquefied Natural Gas Company Limited（克拉瑪依新捷液化天然氣有限公司）("Karamay Xinjie LNG") for a term commencing on 20 March 2010 and expiring on 20 March 2013 at a monthly rent of RMB1,397.5 inclusive of tax, heat charge and management fee for residential use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Karamay Xinjie LNG is a 97.26%-owned subsidiary of the Company.

421.	Unit C13-54, Level 3, Runfu Community, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 潤福小區 三層C13-54室	The property comprises a residential unit on Level 3 of a 6-storey residential building completed in 2005. The gross floor area ("GFA") of the property is approximately 111.88 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Karamay Xinjie Liquefied Natural Gas Company Limited（克拉瑪依新捷液化天然氣有限公司）("Karamay Xinjie LNG") from an independent third party for a term commencing on 25 February 2010 and expiring on 24 March 2013 at a monthly rent of RMB1,720 inclusive of tax and heat charge.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Karamay Xinjie LNG is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
422.	Unit 16, Level 4, Block 12, Hongxing Estate, Karamay District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 中國 新疆維吾爾自治區 克拉瑪依市 紅星新村 12幢四層16室	The property comprises a residential unit on Level 4 of a 4-storey residential building completed in 1988. The gross floor area ("GFA") of the property is approximately 55 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Karamay Xinjie Liquefied Natural Gas Company Limited (克拉瑪依新捷液化天然氣有限公司) ("Karamay Xinjie LNG") from an independent third party for a term commencing on 15 May 2010 and expiring on 14 May 2011 at a monthly rent of RMB1,397.5 inclusive of tax and heat charge for residential use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Karamay Xinjie LNG is a 97.26%-owned subsidiary of the Company.

423.	3 Office Buildings located at No. 6 Hong Shan Road, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 紅山路6號 之三幢辦公樓	The property comprises 3 single to 3-storey office buildings completed in 1997. The total gross floor area ("GFA") of the buildings is approximately 3,392 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 26 May 2010, a single-storey building of the property with a GFA of approximately 306 sq.m. is leased to HAFNIUM (Xingang) Petroleum Development Company (HAFNIUM (新港)石油開發公司) ("HAFNIUM Petroleum") from an independent third party for a term commencing on 1 June 2010 and expiring on 31 May 2011 at an annual rent of RMB55,000 inclusive of tax and exclusive of water, electricity, heat and gas charges and management fee for office use.

2. Pursuant to a Building Tenancy Contract, a single-storey building and a 3-storey building of the property with a total GFA of approximately 3,086 sq.m. are leased to HAFNIUM Company Limited (HAFNIUM 有限公司) ("HAFNIUM") from an independent third party for a term commencing on 1 October 2010 and expiring on 30 September 2011 at an annual rent of RMB45,000 inclusive of tax and exclusive of water, electricity, heat and gas charges and management fee for office use.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessors of the property are the property owner or authorized to sign the relevant lease agreements. Thus, the lease agreements are legal and valid and the lessee has the rights to use the property.

4. HAFNIUM Petroleum is a 54%-owned subsidiary of the Company and HAFNIUM is a wholly-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
424.	Portion of a Petrol & Gas Filling Station located at west of 217th State Road, Urho District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 烏爾禾區 217國道西側 之一個加油加氣站之部份	The property comprises portion of a land parcel with a site area of approximately of 1,008 sq.m. and portion of a single-store building and various ancillary structures completed in 2006 erected thereon. The gross floor area ("GFA") of the property is approximately 60 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement dated 12 May 2010, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term commencing on 1 May 2010 and expiring on 1 May 2013 at an annual rent of RMB150,000 inclusive of tax.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

425.	A land parcel and 2 buildings located at north of Tun Ken Road, Hotan City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 和田市 屯墾路北側 之一塊土地及2棟房屋	The property comprises a land parcel with a site area of approximately of 2,000 sq.m. and a 3-storey building and a single-storey building and various ancillary structures completed in 2004 erected thereon. The total gross floor area ("GFA") of the property is approximately 1.325.5 sq.m.	The property is occupied by the Group for office, dormitory, canteen, and ancillary storage uses.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 29 March 2010, the property is leased to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") from an independent third party for a term commencing on 1 April 2010 and expiring on 31 March 2011 at an annual rent of RMB203,150 inclusive of tax.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
426.	Level 2, the Mezzanine Floor and the roof, No. 82 Urumqi South Road, Hotan City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 和田市 烏魯木齊南路82號 二樓，三樓樓頂房屋及屋頂	The property comprises the whole of Level 2, the mezzanine floor and the roof of a 3-storey building completed in 2002. The total gross floor area ("GFA") of the property is approximately 800 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Hotan Xinjie Liquefied Natural Gas Company Limited（和田新捷液化天然氣有限公司）("Hotan LNG") from an independent third party for a term commencing on 1 July 2010 and expiring on 30 June 2011 at a total rent of RMB50,000 exclusive of water, electricity, heat and cleaning charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Hotan LNG is a 77.81%-owned subsidiary of the Company.

427.	Portion of Level 3 of a Commercial Building located at Square South Lane, Barkol Kazakh Autonomous County, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 哈密地區 巴里坤哈薩克自治縣 廣場南巷 一幢商業樓三樓之部份	The property comprises portion of Level 3 of a commercial building completed in about 2009. The total gross floor area ("GFA") of the property is approximately 209 sq.m.	The property is occupied by the Group for office and staff quarters purposes.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Xinjiang Xinjie Company Limited Barkol Liquefied Natural Gas Branch （新疆新捷股份有限公司巴里坤液化天然氣分公司）("Barkol LNG") from an independent third party for a term commencing on 30 August 2010 and expiring on 31 December 2011 at a monthly rent of RMB2,200 inclusive of tax and exclusive of water, electricity, and heat charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Hotan LNG is a 77.81%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
428.	Portion of a Petrol & Gas Filling Station located at Ying Bin Mai Road, Kumul City, Kumul Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 哈密地區 哈密市 迎賓大道 之一個加油加氣站之部份	The property comprises a land parcel with a site area of approximately 5,447.07 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 133.2 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol Filling Station Assets Tenancy Contract dated 1 April 2010, the property is leased to Xinjiang Xinjie Gas Company Limited (新疆新捷燃氣有限責任公司) ("Xinjie Gas") from an independent third party for a term expiring on 29 February 2020 at an annual rent of portion of RMB660,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Xinjie Gas is a 68.26%-owned subsidiary of the Company.

429.	A Land Parcel and a Store Room located at No. 4 Ying Chun Road, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 博樂市 迎春路4號 之一塊土地及一間倉庫	The property comprises a land parcel with a site area of approximately 1,000 sq.m. and a room of a 2-storey building and various ancillary structures completed in 2005 erected thereon. The gross floor area ("GFA") of the property is approximately 25 sq.m.	The property is occupied by the Group for storage purpose.	No Commercial Value

Notes:

1. Pursuant to a Storage Tenancy Contract, the property was leased to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") from an independent third party for a term commencing on 1 January 2010 and expiring on 31 December 2010 at an annual rent of portion of RMB10,000. As advised by the Group, the tenancy of the property has been renewed for a term of 1 year at an annual rent of RMB10,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
430.	Unit 104, Block 2, 28th Community, Huang He Road, Bole City, Bortala Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 博爾塔拉蒙古自治州 博樂市 黃河路 28號小區 2號樓104室	The property comprises a unit on Level 1 of a 6-storey building completed in 2009. The gross floor area ("GFA") of the property is approximately 81.84 sq.m.	The property was occupied by the Group for storage purpose.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Contract, the property was leased to Xinjiang Xinjie Company Limited (新疆新捷股份有限公司) ("Xinjiang Xinjie") from an independent third party for a term commencing on 1 January 2010 and expiring on 31 December 2010 at a monthly rent of RMB1,867.75 inclusive of tax and exclusive of water, electricity, television, telephone and heat charges and management fee. As advised by the Group, the tenancy of the property has not been renewed.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Xinjiang Xinjie is a 97.26%-owned subsidiary of the Company.

431.	A Unit on Level 1, Gate 1, Block 29, Longhu Estate, Dushanzi District, Karamay City, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 克拉瑪依市 獨山子區 龍湖佳苑 29棟1單元1樓 之一間房屋	The property comprises a unit on Level 1 of a 5-storey residential building completed in 2009. The gross floor area ("GFA") of the property is approximately 118 sq.m.	The property is occupied by the Group for storage purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 21 July 2010, the property is leased to Xinjiang Central Asia Petrol & Gas Company Limited (新疆中亞油氣有限責任公司) ("Central Asia") from an independent third party for a term commencing on 1 August 2010 and expiring on 31 July 2011 at a monthly rent of RMB800 inclusive of tax and exclusive of water, electricity, television and cleaning charges and management fee.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Central Asia is a 79.96%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
432.	Level 12, Landu Hotel, No. 12 Li Xiang Road, Korla City, Bayin'gholin Mongol Autonomous Prefecture, Xinjiang Uyghur Autonomous Region, The PRC 位於中國 新疆維吾爾自治區 巴音郭楞蒙古自治州 庫爾勒市 梨香路12號 瀾都酒店12層	The property comprises the whole of Level 12 of a 21-storey hotel building erected on a single-storey basement completed in 2009. The gross floor area ("GFA") of the property is approximately 1,237.61 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract dated 8 February 2010, the property was leased to Xinjiang Borui Energy Company Limited (新疆博瑞能源有限公司) ("Borui Energy") from an independent third party for a term commencing on 1 January 2010 and expiring on 31 December 2010 at an annual rent of RMB431,550 inclusive of tax and exclusive of water, electricity and heat charges and management fee. Pursuant to a Building Tenancy Contract dated 25 January 2011, the tenancy has been renewed for a term expiring on 31 December 2011 at an annual rent of RMB523,930.8 inclusive water, heat, management fees and air conditioner depreciation cost.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   As confirmed by the Group, the lessor of the property is the property owner or authorized to sign the relevant lease agreement. Thus, the lease agreement is legal and valid and the lessee has the rights to use the property.

3. Borui Energy is an 88.24%-owned subsidiary of the Company.

433.	A Petrol and Gas Filling Station with ancillary buildings located at No. 70 Shan Quan Road, Zhangdian District, Zibo City, Shandong Province, The PRC 中國山東省 淄博市張店區 山泉路70號之 一個加油加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 3,500 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area of the buildings of the property is approximately 40 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Contract, the property is leased to Zibo Huayou Natural Gas Utilities Company Limited (淄博華油天然氣利用有限公司) ("Zibo Huayou") from an independent third party for a term of 20 years expiring on 1 March 2026 at an annual rent of RMB250,000 and increased by RMB25,000 in every 5 years.

2. The opinion given by the PRC legal advisor to the Group is as follows:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Zibo Huayou is a 45.91%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
434.	A CNG Master Station located at No. 19 Min Xiang Road, Zhangdian District, Zibo City, Shandong Province, The PRC 中國山東省 淄博市張店區 民祥路19號 之一個壓縮天然氣母站	The property comprises 2 land parcels (Land Parcel I and Land Parcel II) with a total site area of approximately 6,352.2 sq.m. and various structures completed in 2004 erected thereon.	The property is occupied by the Group as a CNG master station.	No Commercial Value

Notes:

1. Pursuant to a Land Occupation Contract, the land use rights of Land Parcel I of the property with a site area of approximately 2,288.2 sq.m. is leased to Zibo Huayou Natural Gas Utilities Company Limited（淄博華油天然氣利用有限公司）("Zibo Huayou") from an independent third party for a term of 10 years expiring on 3 November 2014 at an annual rent of RMB100,000.

2. Pursuant to a Land Tenancy Contract, the land use rights of Land Parcel II of the property with a site area of approximately 4,064 sq.m. is leased to Zibo Huayou from an independent third party for a term of 20 years expiring on 28 October 2024 at an annual rent of RMB30,800.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land parcels of the property are not vested in Zibo Huayou.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

5. Zibo Huayou is a 45.91%-owned subsidiary of the Company.

435.	A CNG Master and Gas Filling Station located at Ju Xin Yuan Road, Dianzi Town, Boxing County, Binzhou City, Shandong Province, The PRC 位於中國山東省 濱州市博興縣 店子鎮 聚鑫源路之 一個壓縮天然氣母站及加氣站	The property comprises a parcel of land with a site area of approximately 15333.41 sq.m. and 3 buildings and ancillary structures completed in about 2010 erected thereon. The total gross floor area of the buildings is approximately 500 sq.m.	The property is occupied by the Group as a CNG master and filling station.	No Commercial Value

Notes:

1. Pursuant to an Agreement, the land parcel of the property is leased to Shandong Boxing Jinjie Natural Gas Pipeline Transportation Services Company Limited（山東博興金捷天然氣管道運輸服務有限責任公司）("Boxing Jinjie") from an independent third party for a term of 30 years expiring on 10 April 2039 at an annual rent of RMB64,400.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land parcel of the property is not vested in Boxing Jinjie.

3. The opinion given by the PRC legal advisor to the Group is as follows:

   The title documents of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

4. Boxing Jinjie is a 63.22%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
436.	A Gas Filling Station with ancillary buildings located at No. 164 Chang Guo East Road, Zhangdian District, Zibo City, Shandong Province, The PRC 位於中國山東省淄博市張店區昌國東路164號之一個加氣站及配套建築物	The property comprises a parcel of land with a site area of approximately 8,816.04 sq.m. and 5 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area of the buildings of the property is approximately 1,200 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Contract and a Supplemental Contract, the land use rights of the land parcel of the property is leased to Zibo Chengzhi Gas Company Limited（淄博誠摯燃氣有限公司）("Chengzhi") from an independent third party for a term of 30 years expiring on 31 March 2035 at an annual rent of RMB89,923 up to 31 March 2010; and at an annual rent of RMB119,016 from 1 April 2010 onwards, and will be adjusted every 5 years onwards.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land parcel of the property is not vested in Chengzhi.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

4. Chengzhi is a 35.61%-owned subsidiary of the Company.

437.	A Gas Filling Station located at west of 4th East Road, Zhangdian District, Zibo City, Shandong Province, The PRC 中國山東省淄博市張店區東四路西側之一個加氣站	The property comprises a parcel of land with a site area of approximately 900 sq.m. and a building and various ancillary structures completed in 2009 erected thereon. The gross floor area of the building of the property is approximately 210 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Agreement, the land use rights of the land parcel of the property is leased to Zibo Chengzhi Gas Company Limited,（淄博誠摯燃氣有限公司）("Chengzhi") from an independent third party for a term of 20 years expiring on 31 July 2025 at an annual rent of RMB30,000.

2. Pursuant to a Tenancy Agreement, the building of the property is leased to Chengzhi for a term of 7 years expiring on 31 July 2015 at an annual rent of RMB60,000.

3. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land parcel of the property is not vested in Chengzhi.

4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

5. Chengzhi is a 35.61%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
438.	A Gas Filling Station located at the eastern side of Qi Lin Wu Liu Yuan, Zhangzhou Road South, Zhangdian District, Zibo City, Shandong Province, The PRC 中國山東省 淄博市張店區 張周路南 之一個加氣站	The property comprises a land parcel with a site area of approximately 1,573.34 sq.m. and a building and various ancillary structures completed in 2006 erected thereon. The gross floor area of the building of the property is approximately 200 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Land Tenancy Contract and Land Tenancy Supplementary Agreement, the land use rights of the land parcel of the property is leased to Zibo Chengzhi Gas Company Limited（淄博誠摯燃氣有限公司）("Chengzhi") from an independent third party for a term of 30 years expiring on 31 December 2035 at an annual rent of RMB1,180,000.

2. In the valuation of this property, we have not attributed any commercial value to the property as the title of the land parcel of the property is not vested in Chengzhi.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the land parcel of the property and the lessee's rights to use and occupy the land parcel of the property cannot be ascertained.

4. Chengzhi is a 35.61%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
439.	Unit 903, Level 9, International Business Port, Liaocheng City, Shandong Province, The PRC 中國山東省 聊城市 國際商務港九樓 903室	The property comprises a unit on Level 9 of a 16-storey office building completed in about 2006. The gross floor area ("GFA") of the property is approximately 105.28 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract (the "Contract"), the property is leased to Liaocheng Jinjie Gas Company Limited (聊城金捷燃氣有限公司) ("Liaocheng Jinjie") from an independent third party for a term of 1 year expiring on 21 May 2011 at an annual rent of RMB30,720 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Liaocheng Jinjie is a 58.36%-owned subsidiary of the Company.

440.	A Residential Unit located at Roads Bureau Staff Quarters, Binhai Development Zone, Weifang City, Shandong Province, The PRC 位於中國山東省 濰坊市 濱海開發區 公路局家屬院之 一個住宅	The property comprises a unit of a 4-storey residential building completed in about 2002. The gross floor area ("GFA") of the property is approximately 140 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 6 March 2011 at an annual rent of RMB7,200 for residential use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
441.	Units 301 & 312, Area A, Xin Hai Yuan Hotel, Hai Hua Road, Binhai Economic Development Zone, Weifang City, Shangdong Province, The PRC 中國山東省 濰坊市 濱海經濟開發區 海化街 鑫海源大酒店 A區301及312室	The property comprises 2 units on Level 3 of a 7-storey hotel building completed in 2009. The total gross floor area ("GFA") of the property is approximately 186 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 13 April 2011 at an annual rent of RMB40,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

442.	Unit 304, Area A, Xin Hai Yuan Hotel, Hai Hua Road, Binhai Economic Development Zone, Weifang City, Shangdong Province, The PRC 中國山東省 濰坊市 海經濟開發區 海化街 鑫海源大酒店 A 區304室	The property comprises a unit on Level 3 of a 7-storey hotel building completed in 2009. The gross floor area ("GFA") of the property is approximately 90 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 13 April 2011 at an annual rent of RMB20,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
443.	3 Units located at the courtyard of Family Planning Service Centre, Dajiawa Street, Dajiawa Town, Weifang City, Shangdong Province, The PRC 位於中國山東省 濰坊市大家洼鎮 大家洼街道 計劃生育服務中心後院 之三間房屋	The property comprises 3 units of a single-storey hotel building completed in 1990. The total gross floor area ("GFA") of the property is approximately 90 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 25 May 2011 at an annual rent of RMB5,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

444.	An Office Unit located at Level 3, Xinhaiyuan Catering Services Co., Ltd. Building, east of Hai Hua Street, Weifang City, Shangdong Province, The PRC 位於中國山東省 濰坊市 海化街東段 鑫海源餐飲服務有限公司3樓 之一個辦公室	The property comprises an office unit on Level 3 of a 7-storey building completed in 2008. The gross floor area ("GFA") of the property is approximately 380 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring in April 2011 at an annual rent of RMB90,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
445.	A Residential Unit located at Area 3, Dajiawa Village, Binhai Development Zone, Weifang City, Shangdong Province, The PRC 位於中國山東省 濰坊市 濱海開發區 大家洼村 三區 一個住宅單位	The property comprises a unit on Level 5 of a 5-storey residential building completed in 2001. The gross floor area ("GFA") of the property is approximately 119 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 17 May 2011 at an annual rent of RMB7,200.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

446.	A Residential Unit located at #10 Building, Yu Yuan Xiao Qu, Binhai Development Zone, Weifang City, Shangdong Province, The PRC 位於中國山東省 濰坊市 濱海開發區 裕源小區10號樓之 之一個住宅單位	The property comprises a residential unit on Level 4 of a 5-storey residential building completed in 2006. The gross floor area ("GFA") of the property is approximately 90 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (濰坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 22 April 2011 at an annual rent of RMB6,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
447.	A Residential Unit located at Area 4, Haihua Staff Quarter, Shangdong Province, The PRC 位於中國山東省海化家屬樓四區之一間房屋	The property comprises a residential unit on Level 2 of a 4-storey residential building completed in 1995. The gross floor area ("GFA") of the property is approximately 70 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (潍坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 15 April 2011 at an annual rent of RMB6,996.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

448.	A Residential Unit located at Area 3, Haihua Staff Quarter, Shangdong Province, The PRC 位於中國山東省海化家屬樓三區之一間房屋	The property comprises a residential unit on Level 3 of a 3-storey residential building completed in 1985. The gross floor area ("GFA") of the property is approximately 60 sq.m.	The property is occupied by the Group as staff quarters.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Weifang Binhai Jinjie Energy Technology Development Company Limited (潍坊濱海金捷能源技術開發有限公司) ("Binhai Jinjie") from an independent third party for a term of 1 year expiring on 30 September 2011 at an annual rent of RMB4,320.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Binhai Jinjie is a 58.36%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
449.	An Office Unit located at Long Kou Gao Xin Technological Industrial Park, No. 509 Lang Yuan Road, Yantai City, Shandong Province, The PRC 位於中國山東省煙台市朗源路509號龍口高新技術工業園之一個辦公室	The property comprises a unit of a 2-storey office building completed in about 2007. The gross floor area ("GFA") of the property is approximately 159 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property is leased to Longkou Jinjie Energy Company Limited（龍口金捷能源有限公司）("Longkou Jinjie") from an independent third party for a term of 1 year expiring on 19 September 2011 at an annual rent of RMB15,000 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Longkou Jinjie is a 58.36%-owned subsidiary of the Company.

450.	A CNG Filling Station located at North Wulan Road, Jiuyuan District, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區包頭市九原區烏蘭路北之一個壓縮天然氣加氣站	The property comprises a land parcel of approximately 3 mu and 4 buildings and ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 340.04 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol and Gas Filling Station Joint Construction and Operation Agreement, the property is leased to Baotou Huaqi New Energy Company Limited（包頭華氣新能源開發有限責任公司）("Baotou Huaqi") from an independent third party for a term of 20 years expiring in 2025 at an annual rent of RMB30,000 for the first 3 years and RMB40,000 thereafter.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The land parcel of the property is not subject to mortgages of any other material encumbrances; and

   b. The nature of land use rights of the property is allocated land.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
451.	A Gas Filling Station located inside No. 6 Youyi East Road, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市 友誼東路6號 之一個天然氣加氣站	The property comprises a land parcel of approximately 3 mu and 6 buildings and ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 432 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol and Gas Filling Station Joint Construction and Operation Agreement, the property was leased to Baotou Huaqi New Energy Company Limited (包頭華氣新能源開發有限責任公司) ("Baotou Huaqi") from an independent third party for a term of 5 years expiring on 19 January 2011 at a turnover rent of RMB0.05 per m^3 on the sales volume. As advised by the Group, the renewal of the tenancy is under negotiation.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The nature of land use rights of the property is allocated land.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
452.	A Gas Filling Station located at the intersection of East Minzu Road and Moni Road, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市 民族東路與莫尼路交叉口之 一個加氣站	The property comprises a land parcel of approximately 1,427.6 sq.m. and 5 buildings and ancillary structures completed in 2005 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 454.08 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property was leased to Baotou Huaqi New Energy Company Limited (包頭華氣新能源開發有限責任公司) ("Baotou Huaqi") from an independent third party for a term of 1 year expiring in 2007 at an annual rent of RMB300,000. As advised by the Group, the renewal of the tenancy is under negotiation.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
453.	A CNG Filling Station located at No. 33 Qingnian Road, Kundulun District, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市 昆都侖區 青年路33號之 一個壓縮天然氣加氣站	The property comprises a land parcel of approximately 1,557.6 sq.m. and a building and ancillary structures completed in 2007 erected thereon. The gross floor area ("GFA") of the building is approximately 545.46 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a CNG Station Cooperation Agreement, the property is leased to Baotou Huaqi New Energy Company Limited（包頭華氣新能源開發有限責任公司）("Baotou Huaqi") from an independent third party for a term of 5 years commencing on the day of operation at a turnover rent of RMB0.05 per m^3 on the sales volume.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The nature of land use rights of the property is allocated land.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

454.	A Petrol and Gas Filling Station located at the northern side of 3 km of Baoyi Road, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包伊公路3公里處北側之 一個加油加氣站	The property comprises a land parcel of approximately 1,100 sq.m. and 3 buildings and ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 216.65 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Petrol and Gas Station Cooperation Agreement, the property is leased to Baotou Huaqi New Energy Company Limited（包頭華氣新能源開發有限責任公司）("Baotou Huaqi") from an independent third party for a term of 5 years starting from the day of operation at a turnover rent of RMB0.05 per m^3 on the sales volume.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided;

   b. Nature of the land use rights of the property could not be ascertained; and

   c. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
455.	A Petrol and Gas Filling Station located inside Guangtong station, Baogang plant area, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區包頭市包鋼廠區廣通站內之一個加油加氣站	The property comprises a land parcel of approximately 1,155 sq.m. and 4 buildings and ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 197.05 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Petrol and Gas Filling Station Joint Construction and Operation Agreement, the property is leased to Baotou Huaqi New Energy Company Limited（包頭華氣新能源開發有限責任公司）("Baotou Huaqi") from an independent third party for a term of 5 years at an annual rent of RMB150,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   Nature of the land use rights of the property could not be ascertained, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

456.	A Petrol and Gas Filling Station located at the intersection of Jianshe Road and Minzhu Road, Qingshan District, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國內蒙古自治區包頭市青山區建設路與民主路交叉口之一個加油加氣站	The property comprises a land parcel of approximately 1,666 sq.m. and 4 buildings and ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 332.4 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property was leased to Baotou Huaqi New Energy Company Limited（包頭華氣新能源開發有限責任公司）("Baotou Huaqi") from an independent third party for a term of 5 years expiring on 30 October 2010 at an annual rent of RMB30,000. As advised by the Group, the renewal of the tenancy is under negotiation.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Nature of the land use rights of the property could not be ascertained, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained; and

   b. No documents to prove whether the land parcel of the property is subject to mortgages or any other material encumbrances.

3. Baotou Huaqi is a 35.71%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
457.	Level 2, No. 6 Keji Road, Gaoxin District, Baotou City, Inner Mongolia Autonomous Region, The PRC 位於中國 內蒙古自治區 包頭市高新區 科技路6號 二層	The property comprises the whole Level 2 of a 5-storey office building completed in 2000. The gross floor area ("GFA") of the property is approximately 502.0275 sq.m.	The property is occupied by the Group as an office.	No Commercial Value

Notes:

1. Pursuant to a Lease Agreement, the property is leased to Inner Mongolia Huayou Natural Gas Company Limited（內蒙古華油天然氣有限責任公司）("Inner Mongolia Huayou") from an independent third party for a term of 1 year expiring on 15 September 2011 at an annual rent of RMB120,486.6 excluding management fee and utility charges.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained; and

   b. Nature of the land use rights of the property could not be ascertained.

3. Inner Mogolia Huayou is a 51.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
458.	West Unit, Level 1, Gate 1, Block 13, Section E, Mingxin House, Dongsheng District, Ordos City, Inner Mongolia Autonomous Region, The PRC 中國 內蒙古自治區 鄂爾多斯市東勝區 銘鑫家園 E區13號樓1單元 1樓西戶	The property comprises a residential unit on Level 1 of a 6-storey residential building completed in 2008. The gross floor area ("GFA") of the property is approximately 107 sq.m.	The property is occupied by the Group as office and dormitory.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to Ordos City Huaqi Xinsheng Gas Company Limited（鄂爾多斯市華氣新聖燃氣技術有限公司）("Ordos Xinsheng") from an independent third party for a term of 1 year expiring on 30 June 2011 at an annual rent of RMB38,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Ordos Xinsheng is a 48.46%-owned subsidiary of the Company.

459.	A Gas Filling Station located at Fenghuang Road, Xiayangtian, Sanya City, Hainan Province, The PRC 位於中國海南省 三亞市下洋田社區鳳凰路之一個加氣站	The property comprises a land parcel with a site area of approximately 298 sq.m. and a 2-storey building completed in 2005. The gross floor area ("GFA") of the building is 180 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. As advised by the Group, the land use rights of the property is leased to Hainan Dazhong Natural Gas Development Co., Ltd.（海南大眾天然氣開發利用有限公司）("Hainan Dazhong") from an independent third party for a term of 28 years commencing on 5 December 2005 and expiring on 4 December 2033 at an annual rent of RMB35,000.

2. In the valuation of this property, we have attributed no commercial value to the building of the property as the land use rights of the property is not vested in Hainan Dazhong.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

4. Hainan Dazhong is a 38.67%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
460.	A Gas Filling Station located at Yingbin Road, Wenchang City, Hainan Province, The PRC 位於中國海南省文昌市迎賓路之一個加氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and certain buildings and ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 424 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for a term of 25 years expiring on 30 April 2032 at an annual rent of RMB320,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

461.	A LNG Filling Station located at Jinjiling, Sanya City, Hainan Province, The PRC 位於中國海南省三亞市金雞嶺之一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and various ancillary structures completed in 2009 erected thereon.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Hainan CNPC Jiarun Natural Gas Company Limited Sanya sub-office（海南中油嘉潤天然氣有限公司三亞分公司）("Hainan Jiarun") from an independent third party for a term of 1 year expiring in March 2011 at an annual rent of RMB20,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hainan Jiarun is a 58.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
462.	A LNG Filling Station located at Baishuitang, Haikou City, Hainan Province, The PRC 位於中國海南省 海口市白水塘之 一個液化天然氣加氣站	The property comprises a land parcel with a site area of approximately 36 sq.m. and various ancillary structures completed in 2009 erected thereon.	The property is occupied by the Group as a LNG filling station.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Hainan CNPC Jiarun Natural Gas Company Limited Sanya sub-office（海南中油嘉潤天然氣有限公司三亞分公司）("Hainan Jiarun") from an independent third party for a term of 2 years expiring in May 2011 at an annual rent of RMB8,000 for green belt use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the rights to use and occupy the property cannot be ascertained.

3. Hainan Jiarun is a 58.01%-owned subsidiary of the Company.

463.	Flat C, 13th Floor, Guomao Centre, No. 5 Yusha Road, Jinmao District, Haikou City, Hainan Province, The PRC 位於中國海南省 海口市金貿區 玉沙路5號 國貿中心十三樓C	The property comprises a unit on Level 13 of a 31-storey residential building completed in 2005. The gross floor area ("GFA") of the property is approximately 300.78 sq.m.	The property is occupied by the Group as dormitory.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Hainan Dazhong Gas Development Company Limited（海南大眾天然氣開發利用有限公司）("Hainan Dazhong") from an independent third party for a term of 3 years expiring on 30 September 2011 at an annual rent of RMB90,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hainan Dazhong is a 38.67%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
464.	Levels 6, 7 and 11, West Block Phoenix Building, Phoenix Estate, No. 103 Haixin Road Central, Haikou City, Hainan Province, The PRC 中國海南省 海口市 海秀中路103號 鳳凰新村 鳳凰大廈 西座6, 7及11樓	The property comprises the whole floor of Levels 6, 7 and 11 of an 11-storey commercial building completed in about 1996. The total gross floor area of the property is approximately 1,500 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to 3 Tenancy Contracts, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for terms all expiring on 30 December 2012 at a total monthly rent of RMB32,400 inclusive of management fee, maintenance fee, lift electricity fee and agency fee for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is an 80.39%-owned subsidiary of the Company.

465.	A Unit located at 17th Floor, Aki Building, No. 12 Haifu Road, Haikou City, Hainan Province, The PRC 位於中國海南省 海口市海府路12號 亞希大廈十七樓 之一間房屋	The property comprises a unit on Level 17 of a 17-storey residential building completed in 1993. The gross floor area ("GFA") of the property is approximately 143.38 sq.m.	The property is occupied by the Group as dormitory.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Agreement, the property is leased to Hainan CNPC Jiarun Natural Gas Company Limited（海南中油嘉潤天然氣有限公司）("Hainan Jiarun") from an independent third party for a term of 1 year expiring in November 2011 at an annual rent of RMB19,200.

2. Pursuant to a Building Ownership Certificate, Hai Kou Shi Fang Quan Zheng Hai Fang Zi Di No. 27751, the building ownership rights of the property with a GFA of approximately 143.38 sq.m. is legally owned by Wang Xiao Wei（王曉偉）.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. Nature of the land use rights of the property could not be ascertained, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained; and

   b. No documents to prove whether the property is subject to mortgages or any other material encumbrances.

4. Hainan Jiarun is a 58.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
466.	A Petrol and Gas Filling Station located at Nanlong Town, Qionghai City, Hainan Province, The PRC 位於中國海南省瓊海市南龍鎮之一個加油加氣站	The property comprises a land parcel with a site area of approximately 1,000 sq.m. and a building and various ancillary structures completed in 2000 erected thereon. The gross floor area ("GFA") of the building is approximately 200 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Cooperation Agreement, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for a term of 3 years expiring on 31 December 2012 at an annual rent of RMB128,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

467.	A petrol and gas filling station located at Wanquan Town, Qionghai City, Hainan Province, The PRC 位於中國海南省瓊海市萬泉鎮之一個加油加氣站	The property comprises a land parcel with a site area of approximately 1,000 sq.m. and 2 buildings and various ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 500 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to an Assets Lease & Operation Contract dated 25 August 2009, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for a term of 15 years. As advised by the Group, the expiry date of the tenancy is 25 August 2024 and the monthly rent of the property is RMB20,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
468.	A petrol and gas filling station located at Shuangyong Road, Jiaji Town, Qionghai City, Hainan Province, The PRC 位於中國海南省瓊海市嘉積鎮雙擁路之一個加油加氣站	The property comprises a land parcel with a site area of approximately 1,500 sq.m. and 2 buildings and various ancillary structures completed in 2006 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 800 sq.m.	The property is occupied by the Group as a petrol and gas filling station.	No Commercial Value

Notes:

1. Pursuant to an Assets Lease & Operation Contract dated 25 August 2009, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for a term of 15 years. As advised by the Group, the expiry date of the tenancy is 25 August 2024 and the monthly rent of the property is RMB20,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

469.	A Petrol, LNG, CNG and LPG filling station located at Aihua West Road, Jiaji Town, Qionghai City, Hainan Province, The PRC 位於中國海南省瓊海市嘉積鎮愛華西路之一個加油及液化及壓縮天然氣及液化石油氣加氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and certain buildings and ancillary structures completed in 2003 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 800 sq.m.	The property is occupied by the Group as a petrol, liquefied natural gas, compressed natural gas and liquefied petrol gas filling station.	No Commercial Value

Notes:

1. Pursuant to 2 Assets Lease & Operation Contracts dated 25 August 2009 and 8 February 2010, the property is leased to CNPC Shennan Oil Technology Development Co., Ltd.（海南中油深南石油技術開發有限公司）("CNPC Shennan") from an independent third party for a term of 15 years. As advised by the Group, the expiry date of the tenancy is 25 August 2024 and the monthly rent of the property is RMB44,166.67.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. CNPC Shennan is a 96.68%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
470.	A Distribution Station located at No. 126 Qinghe Village Yizu, Chengdu City, Sichuan Province, The PRC 位於中國四川省 成都市 清和村一組126號 聯發公司之 一個配氣站	The property comprises a land parcel of approximately 1,500 sq.m. and 3 buildings and ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 670 sq.m.	The property is occupied by the Group as a CNG distribution station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property was leased to Sichuan Lianfa Natural Gas Company Limited (四川聯發天然氣有限責任公司) ("Sichuan Lianfa") from an independent third party for a term of 1 year expiring on 31 December 2009. The annual rent of the property together with relevant machinery and equipments and under ground gas pipeline networks is RMB900,000. As advised by the Group, the tenancy has been renewed on yearly basis and the annual rent of the property is RMB36,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Sichuan Lianfa is a 26.01%-owned subsidiary of the Company.

471.	An Office Building located at No. 138 Baijin Road, Cu Qiao, Wuhou District, Chengdu City, Sichuan Province, The PRC 位於中國四川省 成都市 武侯區 簇橋百錦路138號之 一個辦公樓	The property comprises a 5-storey commercial building completed in 2000. The gross floor area ("GFA") of the building is approximately 4,400.022 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to Sichuan Lianfa Natural Gas Company Limited (四川聯發天然氣有限責任公司) ("Sichuan Lianfa") from an independent third party for a term of 1 year expiring on 31 December 2009 at an annual rent of RMB250,000. As advised by the Group, the tenancy has been renewed on yearly basis at an annual rent of RMB250,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   a. As confirmed by the Group, the property is not subject to mortgages or any other material encumbrances; and

   b. Nature of the land use rights of the property could not be ascertained.

3. Sichuan Lianfa is a 26.01%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
472.	An Office Unit located at 12th Floor, East Building, Nan Shui Bei Diao Office Building, No. 69 Qi Lian Street, Shi Jia Zhuang City Development Zone, Hebei Province, The PRC 位於中國河北省石家莊市開發區祁連街69號南水北調辦公樓東樓第十二層之一個寫字樓	The property comprises a unit on Level 12 of a 12-storey building completed in about 2005. The gross floor area ("GFA") of the property is approximately 597 sq.m.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 2 years expiring on 31 December 2011 at an annual rent of RMB157,608 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

473.	A CNG Master Station located at Song Ying Town Han Tong Village South, Shi Jia Zhuang City Development Zone, Hebei Province, The PRC 位於中國河北省石家莊市開發區宋營鎮韓通村南之一個壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 109,006.735 sq.m. and 10 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,085 sq.m.	The property is occupied by the Group as a CNG master station.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract and a Joint Construction of Gas Filling Station Agreement, the land use rights of the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term expiring on 17 May 2027 at a total rent of RMB2,558,060.

2. In the valuation of this property, we have attributed no commercial value to the property as the title of it is not vested in Hebei Huayou.

3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

4. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
474.	A CNG Master Station located at north of Bei Er Huan and west of Yue Ji Park, Zhang An District, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市長安區北二環以北、月季公園以西之一個壓縮天然氣母站	The property comprises a land parcel with a site area of approximately 7 mu and 10 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 1,000 sq.m.	The property is occupied by the Group as a CNG master station.	No Commercial Value

Notes:

1. Pursuant to a Joint Operation Construction of Gas Filling Station Agreement dated 10 January 2007, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 20 years at an annual rent of RMB180,000 increasing at RMB10,000 per year.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

475.	A Gas Filling Station located at the intersection of Huai An Road and Dong Er Huan, Yu Hua District, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市裕華區槐安路與東二環交叉口之一個天然氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and 2 buildings and various ancillary structures completed in 2007 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 40 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 10 years expiring on 30 June 2019 at an annual rent of RMB300,000 plus turnover rent.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
476.	A Gas Filling Station located beside 107th State Road, Liu Xin Zhuang Village, Hebei Province, The PRC 位於中國河北省 柳辛莊村 107國道側 之一個天然氣站	The property comprises a land parcel with a site area of approximately 1,332 sq.m. and a building and various ancillary structures completed in 2008 erected thereon. The gross floor area ("GFA") of the building is approximately 50 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Premises Tenancy Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 10 years expiring on 31 August 2020 at an annual rent of RMB200,000 for industrial use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

477.	A Gas Filling Station located at 300 km North of the eastern side of the intersection of He Ping Road and Dong Er Huan, Hebei Province, The PRC 位於中國河北省 和平路與東二環交叉口向東約 300米路北 之一個天然氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 70 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to an Operational Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 10 years expiring on 30 December 2017 at an annual rent of RMB50,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
478.	A Gas Filling Station located at Jin He Oil Tank, Zheng Ding Zheng Ling Road, Zheng Ding County, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市正定縣正定正靈路金河油庫之一個天然氣站	The property comprises a land parcel with a site area of approximately 1,500 sq.m. and 3 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 35 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Premises Tenancy Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 10 years expiring on 31 August 2020 at an annual rent of RMB350,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
479.	A Gas Filling Station located at Cun Xi Bai Li Te Avenue East, Xin Ji An Gu Cheng, Xin Ji City, Shi Jia Zhuang Area, Hebei Province, The PRC 位於中國河北省石家莊地區辛集市辛集安古城村西百立特大道東之一個天然氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and 3 buildings and various ancillary structures completed in 2008 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 110 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to an Operational Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from two independent third parties for a term of 20 years expiring on 8 April 2028 at an annual rent of RMB120,000 for the first ten years, and upon negotiation for the last 10 years.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
480.	A Gas Filling Station located at the intersection of Yu Xiang Street East and Nan Er Huan Road, Yu Hua District, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市裕華區 裕祥街東和南二環路北交叉口 之一個天然氣站	The property comprises a land parcel with a site area of approximately 2,000 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 40 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Premises Tenancy Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 1 year expiring on 28 February 2011 at an annual rent of RMB300,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

481.	A Gas Filling Station located at the western side of the intersection of No. 69 Yu Hua Xi Road and You Yi Avenue, Qiao Xi District, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省 石家莊市橋西區 裕華西路169號與友誼大街交點 西側之一個天然氣站	The property comprises a land parcel with a site area of approximately 1,332 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 55 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Premises Tenancy Agreement, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 10 years expiring on 28 February 2019 at an annual rent of RMB400,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
482.	A Gas Filling Station located at No. 85 Zhong Guo Shi You Station, Shi Huo Bei Road, Qiaoxi District, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市橋西區石獲北路中國石油85號站內之一個天然氣站	The property comprises a land parcel with a site area of approximately 2 mu and a building and various ancillary structures completed in 2010 erected thereon. The gross floor area ("GFA") of the building is approximately 32 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property is leased to Hebei Huayou Gas Co., Ltd.（河北華油天然氣有限責任公司）("Hebei Huayou") from an independent third party for a term of 6 years expiring on 31 August 2015 at an annual rent of RMB100,000 plus turnover rent.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huayou is a 26.02%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
483.	Levels 1 and 7, No. 128 Zhong Xing Road, Jin Zhou, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市晉州中興路128號一層及七層	The property comprises Levels 1 and 7 of a 12-storey commercial building completed in about 1996. The total gross floor area ("GFA") of the property is approximately 600 sq.m.	The property is occupied by the Group for office use.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property is leased to Jinzhou Huayou Gas Co., Ltd.（晉州市華油天然氣有限公司）("Jinzhou Huayou") from an independent third party for a term expiring on 30 September 2012 at an annual rent of RMB45,000 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Jinzhou Huayou is a 34.14%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
484.	A Gas Filling Station located at Zhou Zhuang Qiao Tou Road South, 307 Provincial Road, Jin Zhou, Shi Jia Zhuang City, Hebei Province, The PRC 位於中國河北省石家莊市晉州307國道周莊橋頭路南之一個加氣站	The property comprises a land parcel with a site area of approximately 3,300 sq.m. and 2 buildings and various ancillary structures completed in 2009 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 110 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to Jinzhou Huayou Gas Co., Ltd.（晉州市華油天然氣有限公司）("Jinzhou Huayou") from an independent third party for a term of 10 years expiring on 30 September 2018 at an annual rent of RMB50,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Jinzhou Huayou is a 34.14%-owned subsidiary of the Company.

485.	An Office Unit and Car-parking area located at eastern side of Shun Da Gas Filling Station, Bazhou City, Hebei Province, The PRC 位於中國河北省霸州市順達加氣站東鄰之一個辦公室及停車位	The property comprises a unit of a 2-storey building completed in about 2005 and a car-parking area. The gross floor area ("GFA") of the unit is approximately 100 sq.m.	The property is occupied by the Group for office and carparking uses.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Contract, the property is leased to Hebei Huaqi Gas Co., Ltd.（河北華氣天然氣有限責任公司）("Hebei Huaqi") from an independent third party for a term of 1 year expiring on 19 May 2011 at an annual rent of RMB35,000 for office use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huaqi is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
486.	A Residential Unit located at Ying Bin Shan Shui Xiao Qu, Bazhou City, Hebei Province, The PRC 位於中國河北省霸州市迎賓山水小區之一個住宅	The property comprises a unit of a 20-storey building completed in about 2010. The gross floor area ("GFA") of the property is approximately 90 sq.m.	The property is occupied by the Group for residential use.	No Commercial Value

Notes:

1. Pursuant to a Building Tenancy Agreement, the property is leased to Hebei Huaqi Gas Co., Ltd.（河北華氣天然氣有限責任公司）("Hebei Huaqi") from an independent third party for a term of 1 year expiring on 2 August 2011 at an annual rent of RMB12,000 for residential use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huaqi is a 77.59%-owned subsidiary of the Company.

487.	A Residential Unit located at Wang Tong Xiao Qu, Hebei Province, The PRC 位於中國河北省網通小區之一個住宅	The property comprises a unit of a 5-storey building completed in about 2005. The gross floor area ("GFA") of the property is approximately 120 sq.m.	The property is occupied by the Group for residential use.	No Commercial Value

Notes:

1. Pursuant to a Tenancy Agreement, the property is leased to Hebei Huaqi Gas Co., Ltd.（河北華氣天然氣有限責任公司）("Hebei Huaqi") from an independent third party for a term of 1 years expiring on 9 July 2011 at an annual rent of RMB7,200 for residential use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Hebei Huaqi is a 77.59%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
488.	A Natural Gas Service Center located at Nos. 9-11 Huizhan Avenue Renqiu City, Heibei Province, The PRC 位於中國河北省任丘市會戰道9-11號之一個天然氣服務大廳	The property comprises 3 units of a 3-storey commercial building completed in about 1990s. The total gross floor area ("GFA") of the property is approximately 638.24 sq.m.	The property is occupied by the Group as a natural gas service center.	No Commercial Value

Notes:

1. Pursuant to a Real Estate Tenancy Contract, the property was leased to Hebei Huagang Gas Co., Ltd.（河北華港燃氣有限公司）("Huagang") from an independent third party for a term of 1 year expiring on 19 January 2011 at an annual rent of RMB765,888 for commercial use. As advised by the Group, the tenancy has been renewed for a term of 1 year at an annual rent of RMB765,888 for commercial use.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Huagang is a 51%-owned subsidiary of the Company.

489.	A Gas Filling Station located at Daguozhuang Village South, Xinglonggong Town, Wen'an County, Hebei Province, The PRC 位於中國河北省文安縣興隆宮鎮大郭莊村南之一個加氣站	The property comprises a land parcel with a site area of approximately 2,200 sq.m. and 2 buildings and various ancillary structures completed in 2000 erected thereon. The total gross floor area ("GFA") of the buildings is approximately 746 sq.m.	The property is occupied by the Group as a gas filling station.	No Commercial Value

Notes:

1. Pursuant to a Joint Venture Contract, the property is leased to Wenan Huagang Gas Company Limited（文安華港燃氣有限公司）("Wenan Huagang") from a connected party for a term expiring on 29 July 2018 at a total rent of RMB480,000.

2. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

   The title documents of the property have not been provided, thus the lessor's rights to lease the property and the lessee's rights to use and occupy the property cannot be ascertained.

3. Wenan Huagang is a 26.01%-owned subsidiary of the Company.

Group IX – Property leased by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
490.	Rooms 3907-3910, 39th Floor, No. 118 Connaught Road West, Sheung Wan, Hong Kong	The property comprises 4 office units on the 39th floor of a 37-storey commercial building completed in 1994. The total gross floor area of the property is approximately 361.20 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Note:

Pursuant to a Tenancy Agreement, the property is leased to the Company from a connected party for a term commencing on 1 September 2008 and expiring on 31 August 2013 at a monthly rent of HK$62,200 for the period from 1 September 2008 to 31 August 2011 exclusive of relevant outgoings.

Group X – Properties leased by the Group in overseas countries

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
491.	No. 59/15 Baromtrailokenart 2 Road, Nai Muang Sub-District, Muang Phitsanulok District, Phitsanulok Province, Thailand	The property comprises an office unit of a 4-storey office building completed in 2011. The gross floor area ("GFA") of the property is approximately 240 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Agreement, the property is leased to Sino U.S Petroleum Inc. from an independent third party for a term expiring on 15 May 2011 at a monthly rent of Thai Bhat 40,000 exclusive of tax.

2. The opinion given by the Thailand legal advisor to the Group is as follows:

   a. The lessor has the rights to lease the property and Sino U.S Petroleum Inc. is entitled to use the property; and

   b. The Lease Agreement is legally valid and enforceable.

3. Sino U.S Petroleum Inc. is a wholly-owned subsidiary of the Company.

492.	Unit No. 193/94 (22C), 22nd Floor, Lake Rajada Office Complex, Nos. 193-195 Rajadapisek Road, Khwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand	The property comprises an office unit on the 22nd floor of a 39-storey office building completed in 2010. The leased area of the property is approximately 181.5 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to 2 Lease Agreements, the property is leased to Sino U.S Petroleum Inc. and CNPCHK (Thailand) Ltd. from an independent third party for a term expiring on 31 December 2013 at a total monthly rent of Thai Bhat 67,155 exclusive of service charges and other outgoings.

2. The opinion given by the Thailand legal advisor to the Group is as follows:

   a. The lessor has the rights to lease the property and Sino U.S Petroleum Inc. and CNPCHK (Thailand) Ltd. are entitled to use the property; and

   b. The Lease Agreements are legally valid and enforceable.

3. Both Sino U.S Petroleum Inc. and CNPCHK (Thailand) Ltd. are wholly-owned subsidiaries of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
493.	Suite 390, Crossroads Atrium Building, No. 13181 Crossroads Parkway North, City of Industry, Los Angeles, California, The USA	The property comprises an office unit of a 6-storey office building completed in 1988. The rentable area of the property is approximately 1,020 sq.ft.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Agreement dated 13 May 2009, the property is leased to SAPET Development Corporation from an independent third party for a term expiring on 31 July 2011 at a monthly rent of US$2,448 exclusive of other outgoings.

2. SAPET Development Corporation is a 50%-owned subsidiary of the Company.

494.	A parcel of land located at Sapet, Piura District, Peru	The property comprises a land parcel with a site area of approximately 1,390 sq.m.	The property is occupied by the Group for oil storage purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the property is leased to SAPET Development Peru Inc from an independent third party for a term of 3 years expiring on 31 January 2013 at a monthly rent of US$228.48.

2. The opinion given by the Peru legal advisor to the Group is as follows:

   a. SAPET Development Peru Inc is entitled to occupy and use the property; and

   b. The Lease contract is legal and valid.

3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 December 2010 *RMB*
495.	15th Floor, Edificio Platinum Plaza, Calle Dean Valdivia 148, San Isidro, Lima, Peru	The property comprises the whole of 15th floor plus 34 car stalls of a high-rise office building completed in 2010. The property has a gross floor area of approximately 1,089.24 sq.m.	The property is occupied by the Group for office and parking purposes.	No Commercial Value

Notes:

1. Pursuant to a Lease Contract, the property is leased to SAPET Development Peru Inc from an independent third party for a term of 5 years expiring on 31 March 2015 at a monthly rent of US$23,305.58.

2. The opinion given by the Peru legal advisor to the Group is as follows:

   a. SAPET Development Peru Inc is entitled to occupy and use the property; and

   b. The Lease contract is legal and valid.

3. SAPET Development Peru Inc is a 50%-owned subsidiary of the Company.

496.	Suite 801, 8th Floor, Plaza Mutiara, Jl. Lingkar Mega Kuningan Kav. E.1-2 No. 1&2, Kawasan Mega Kuningan, Jakarta 12950, Indonesia	The property comprises an office unit on the 8th floor of a high-rise office building completed in 2000s. The leased area of the property is approximately 417 sq.m.	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. Pursuant to a Lease Agreement and 2 Addendums of Lease Agreement, the property is leased to Continental Geopetro (Bengara-II) Ltd. from an independent third party for a term expiring on 30 November 2011 at a total monthly rent of US$8,757 exclusive of all outgoings.

2. The opinion given by the Indonesia legal advisor to the Group is as follows:

   a. Continental Geopetro (Bengara-II) Ltd. is entitled to use the property; and

   b. The Lease Agreement is blinding to the parties and enforceable.

3. Continental Geopetro (Bengara-II) Ltd. is a 70%-owned subsidiary of the Company.

A. LETTER FROM THE FINANCIAL ADVISER



The Directors
Kunlun Energy Company Limited
39th Floor
118 Connaught Road West
Hong Kong

19 February 2011

Dear Sirs

We refer to the valuation report (the "**Valuation Report**") prepared by 北京中企華資產評估有限責任公司 (Beijing China Enterprise Appraisals Co. Ltd*) ("**Beijing China Enterprise Appraisals**") in relation to the valuation of the 60% equity interest (the "**Relevant Equity Interest**" in 中石油北京天然氣管道有限公司 (PetroChina Beijing Natural Gas Pipeline Company Limited* (the "**Target**")). The Valuation Report is included in the circular of Kunlun Energy Company Limited (the "**Company**") dated 19 February 2011 (the "**Circular**").

We understand that the Valuation Report has been provided to you as the directors of the Company (the "**Directors**") in connection with the Company's proposed acquisition of the Relevant Equity Interest from PetroChina Company Limited ("**PetroChina**").

We have reviewed the forecasts included in the Valuation Report, for which you as the Directors are responsible. We have attended the discussions of the calculations of the forecasts involving the management of the Company and Beijing China Enterprise Appraisals. We have also attended discussions involving the management of the Target, the management of the Company and Beijing China Enterprise Appraisals where the historical performance of the Target and the forecasts were discussed. We have also reviewed the letter addressed solely to and for the sole benefit of the directors of the Company from PricewaterhouseCoopers dated 19 February 2011 as set out in Appendix VII of the Circular regarding the calculations of discounted future estimated cash flows.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by Beijing China Enterprise Appraisals, for which Beijing China Enterprise Appraisals and the Company are responsible, we are satisfied that the forecasts included in the Valuation Report and disclosed in the Circular, for which you as the Directors are responsible, have been made in the Circular after due and careful enquiry by you.

Yours faithfully,
For and on behalf of
Merrill Lynch (Asia Pacific) Limited
Catherine Cai
Managing Director

* *For identification purpose only*

B. LETTER FROM PRICEWATERHOUSECOOPERS

The following is the text of a report received from PricewaterhouseCoopers Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REPORT ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF PETROCHINA BEIJING GAS PIPELINE CO., LTD TO THE BOARD OF DIRECTORS OF KUNLUN ENERGY COMPANY LIMITED

We have been engaged to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 18 November 2010 prepared by Beijing China Enterprise Appraisals Co., Ltd (北京中企華資產評估有限責任公司) in respect of the appraisal of the fair value of the 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd (the "Target Company") as at 30 September 2010 is based. The Valuation is set out in Appendix V of the circular of Kunlun Energy Company Limited (the "Company") dated 19 February 2011 (the "Circular") in connection with the acquisition of the 60% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company (the "Directors") are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on pages 11 to 13 of the Circular. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

It is our responsibility to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and

plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on pages 11 to 13 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors, a summary of which is set out on pages 11 to 13 of the Circular.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 19 February 2011

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes the particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director and chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) are required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules, to be notified to the Company and the Stock Exchange are set out below.

2.1 Ordinary Shares of HK$0.01 Each of the Company

Name	Number of Shares	Capacity and Nature of Interests	Percentage of Issued Shares
Li Hualin[(1)]	14,000,000	Beneficial owner	0.28%
Li Kwok Sing Aubrey [(1)]	1,000,000	Beneficial owner	0.02%

Notes:

(1) The interests held by Mr. Li Hualin and Mr. Li Kwok Sing Aubrey represent long position in the Shares of the Company.

2.2 Share Options

Shares options were granted to the Directors and chief executives of the Company under the executive share option scheme approved by the Board on 3 June 2002, details of which are set out below:

Name	Date of Grant	Exercise Period	Exercise Price *HK$*	Outstanding at 1 January 2010	Number of Share Options Granted	Number of Share Options Exercised	Outstanding at the Latest Practicable Date
Li Hualin	08/01/07	08/04/07 – 07/01/12	4.186	25,000,000	–	–	25,000,000
	26/05/08	26/08/08 – 25/05/13	4.240	3,200,000	–	–	3,200,000
	26/03/09	26/06/09 – 25/03/14	3.250	3,200,000	–	–	3,200,000
	26/03/10	26/06/10 – 25/03/15	10.320	–	3,200,000	–	3,200,000
Zhang Bowen	08/01/07	08/04/07 – 07/01/12	4.186	20,000,000	–	–	20,000,000
	26/05/08	26/08/08 – 25/05/13	4.240	2,400,000	–	–	2,400,000
	26/03/09	26/06/09 – 25/03/14	3.250	2,400,000	–	–	2,400,000
	26/03/10	26/06/10 – 25/03/15	10.320	–	2,400,000	–	2,400,000
Cheng Cheng	08/01/07	08/04/07 – 07/01/12	4.186	10,000,000	–	–	10,000,000
	26/05/08	26/08/08 – 25/05/13	4.240	1,500,000	–	–	1,500,000
	26/03/09	26/06/09 – 25/03/14	3.250	1,500,000	–	–	1,500,000
	26/03/10	26/06/10 – 25/03/15	10.320	–	1,500,000	–	1,500,000
Lau Wah Sum	26/03/10	26/06/10 – 25/03/15	10.320	–	400,000	–	400,000
Li Kwok Sing Aubrey	26/03/10	26/06/10 – 25/03/15	10.320	–	400,000	–	400,000
Liu Xiao Feng	26/03/10	26/06/10 – 25/03/15	10.320	–	400,000	–	400,000
Employees	27/04/05	27/07/05 – 26/04/10	1.224	17,500,000	–	(17,500,000)	–
	08/01/07	08/04/07 – 07/01/12	4.186	25,000,000	–	–	25,000,000
	14/09/07	14/12/07 – 13/09/12	4.480	20,000,000	–	–	20,000,000
	26/05/08	26/08/08 – 25/05/13	4.240	7,000,000	–	–	7,000,000
	26/03/09	26/06/09 – 25/03/14	3.250	7,000,000	–	–	7,000,000
	26/03/10	26/06/10 – 25/03/15	10.320	–	7,000,000	–	7,000,000
				145,700,000	15,300,000	(17,500,000)	143,500,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates, had any other interests or short positions in the shares, underlying shares and debentures of the Company or any associated

corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company; or which (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company or the Stock Exchange, and none of the Directors, nor their spouse or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right since 31 December 2009 (being the date of the Company's latest published audited accounts).

2.3 Competing Business

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

Name of director	Name of company	Nature of interest	Nature of competing business
Mr. Li Hualin	PetroChina Company Limited ("PetroChina")	Vice-President, Company Secretary and authorised representative	Exploration, development and production and marketing of crude oil and natural gas

As the Board is independent of the board of the above entity, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above business.

2.4 Additional Disclosure of Interest

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors was materially interested and which was significant in relation to the businesses of the Group.

Save as disclosed herein, none of the Directors, directly or indirectly, has had any interest in any assets which had since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the register of substantial shareholders maintained under section 336 of the SFO, showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Name	Number of Shares		Percentage of the total number of Shares in issue
	Direct Interest	Indirect Interest	
Sun World Limited [(1)]	2,513,917,342(L)	–	50.75%
PetroChina Hong Kong (BVI) Ltd. ("PetroChina (BVI)") [(1)]	–	2,513,917,342(L)	50.75%
PetroChina Hong Kong Ltd.("PetroChina Hong Kong") [(1)]	–	2,513,917,342(L)	50.75%
PetroChina Company Limited ("PetroChina") [(1)]	–	2,513,917,342(L)	50.75%
China National Oil and Gas Exploration and Development Corporation ("CNODC") [(2)]	–	297,924,000(L)	6.01%
CNPC International Ltd. ("CNPCI") [(2)]	–	297,924,000(L)	6.01%
Fairy King Investments Ltd.	297,924,000(L)	–	6.01%
CNPC [(1) (2)]	–	2,811,841,342(L)	56.76%

Notes:

(1) Sun World is a wholly-owned subsidiary of PetroChina (BVI), which in turn is wholly-owned by PetroChina Hong Kong. PetroChina Hong Kong is wholly owned by PetroChina, which is in turn owned as to 86.35% by CNPC. Accordingly, CNPC is deemed to have interest in the 2,513,917,342 shares held by Sun World. Mr. Li Hualin, the Chairman of the Company and Mr. Zhang Bowen, the Chief Executive Officer of the Company are also directors of Sun World, which is a substantial shareholder of the Company (within the meaning of Part XV of the SFO).

(2) Fairy King Investments Ltd. is a wholly-owned subsidiary of CNPCI, which in turn is wholly owned by CNODC, which is in turn owned as to 100.00% by CNPC. Accordingly, CNPC is deemed to have interest in the 297,924,000 shares held by Fairy King Investments Ltd..

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or any options in respect of such capital.

4. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors or proposed directors has any existing service contract or proposed service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. MATERIAL CONTRACTS

The following contracts (not being entered into the ordinary course of business) have been entered into by the members of the Group within two years preceding the Latest Practicable Date and which are or may be material:

(i) the capital injection agreement dated 16 February 2009 among the Company, China Natural Gas Co. Ltd ("**Huayou**"), CNPC Shenzhen Petroleum Industrial Co., Ltd. ("**Shenzhen Petroleum**"), 中國華油集團公司 (China Huayou Group Company*), 浙江金帝集團公司 (Zhejiang Jindi Group Company*), 江陰市恆昌隆房地產有限公司 (Jiangyin City Hengchanglong Real Estates Co., Ltd.*) and 杭州西湖國際高爾夫鄉村俱樂部有限公司 (Hangzhou Xihu International Golf Club Co., Ltd.*), pursuant to which the Company has conditionally agreed to subscribe for 177,000,000 shares of Huayou at a consideration of RMB435,154,500, representing 51.01% of the shareholding interests of Huayou upon completion;

(ii) the joint venture agreement dated 12 May 2009 between the Company and 長慶石油勘探局集體資產投資管理中心 (Changqing Petroleum Exploration Bureau Collective Assets Investment and Management Centre*) ("**Changqing Petroleum**") in relation to the formation of a Sino-foreign joint venture company, namely 西安慶港潔能科技有限公司 (Xi'an Qinggang Clean Energy Technology Company Limited*) (the "**Qinggang JV**") in the PRC, pursuant to which the Company and Changqing Petroleum agreed to contribute RMB51,000,000 and RMB49,000,000 respectively in cash, representing 51% and 49% of the registered capital of Qinggang JV, respectively;

(iii) the joint venture agreement dated 12 May 2009 between the Company and 河北華油集體資產投資管理中心 (Hebei Huayou Collective Assets Investment and Management Centre*) ("**Hebei Huayou**") in relation to the formation of a Sino-foreign joint venture company, namely 河北華港城市燃氣有限公司 (Hebei Huagang City Gas Company Limited*) (the "**Huagang JV**") in the PRC, pursuant to which the Company and Hebei Huayou agreed to contribute RMB102,000,000 and RMB98,000,000 respectively in cash, representing 51% and 49% of the registered capital of Huagang JV, respectively;

(iv) the joint venture agreement dated 10 June 2009 among the Company, 中國新疆循環能源有限公司 (China Xinjiang Recycle Energy Company Limited*) and China Hainan Hiran Hi-tech Energy Co., Ltd.（中國海南海然高新能源有限公司）("**China Hainan Hiran**"), in relation to the formation of a joint venture company, namely Xing Jing Bridge Energy Limited（新疆博瑞能源有限公司）(the "**Borui JV**") in the PRC, pursuant to which the Company, China Xinjiang Recycle Energy Company Limited and China Hainan Hiran agreed to contribute RMB375,000,000, RMB75,000,000 and RMB50,000,000 in cash, representing 75%, 15% and 10% of the registered capital of the Borui JV, respectively;

(v) the capital injection agreement dated 31 August 2009 among the Company, 山西國興煤層氣輸配有限責任公司 (Shanxi Guoxing Coal Seam Gas Transmission Limited Company*) ("**Shanxi Guoxing**") and its existing shareholders, namely 山西國際電力集團有限公司 (Shanxi International Electricity Group Limited Company*) and 山西省興縣華盛燃氣有限責任公司 (Shanxi Province Xing County Huasheng Gas Limited Company*), pursuant to which the Company has conditionally agreed to subscribe for capital in Shanxi Guoxing of RMB35,000,000, representing 35% of the registered capital of Shanxi Guoxing upon completion;

(vi) the acquisition agreement dated 10 September 2009 between the Company and Shenzhen Petroleum, pursuant to which the Company has conditionally agreed to purchase, and Shenzhen Petroleum has conditionally agreed to sell, 29.41% interest in CNPC Shennan Oil Technology Development Co., Ltd., a non-wholly-owned subsidiary of the Company ("**Shennan Oil**"), at a consideration of RMB61,440,000;

(vii) the acquisition agreement dated 16 September 2009 between the Company and 中國石油天然氣管道局 (China Petroleum Pipeline Bureau*) ("**CNPC Pipeline Bureau**"), pursuant to which the Company has conditionally agreed to purchase, and CNPC Pipeline Bureau has conditionally agreed to sell, 49% interest in 中油中泰燃氣有限責任公司 (China Oil and Gas Co., Ltd.*) at a consideration of RMB615,536,824;

(viii) the asset transfer agreement dated 23 September 2009 between Shennan Oil and China Hainan Hiran, pursuant to which China Hainan Hiran has conditionally agreed to sell, and Shennan Oil has conditionally agreed to acquire the liquefied natural gas assets at an initial consideration of approximately RMB201,630,000 together with the payment of all necessary tax payable by Shennan Oil in connection with the acquisition;

(ix) the framework agreement dated 14 December 2009 between 浙江新捷中油天然氣利用有限公司 ("**Zhejiang Xinjie**"), a non-wholly-owned subsidiary of the Company, and Ningbo Port Co., Ltd. for co-operation in respect of an liquefied natural gas tractors project, pursuant to which the parties shall establish a long-term co-operation whereby Zhejiang Xinjie will provide liquefied natural gas refuelling station and refuelling services in Ningbo Public Port Terminal;

(x) the assets disposal agreements dated 18 December 2009 between 新疆新捷股份有限公司 (Xinjiang Xinjie Co., Ltd.*) ("**Xinjiang Xinjie**"), a non-wholly owned subsidiary of the Company, and 中國石油天然氣股份有限公司西北銷售分公司 (PetroChina Company Limited Northwestern Sales Branch*) ("**PetroChina Northwestern Sales Branch**"), pursuant to which Xinjiang Xinjie has conditionally agreed to sell, and PetroChina Northwestern Sales Branch has conditionally agreed to purchase the Xinjie Refined Oil Storage Assets at a consideration of RMB83,914,553.80;

(xi) the assets disposal agreements dated 18 December 2009 between Xinjiang Xinjie and 中國石油天然氣股份有限公司西部管道分公司 (PetroChina Company Limited Western Pipeline Branch*) ("**PetroChina Western Pipeline Branch**"), pursuant to which Xinjiang Xinjie has conditionally agreed to sell, and PetroChina Western Pipeline Branch has conditionally agreed to purchase the refined oil pipeline transmission assets at a consideration of RMB500,912,810.38;

(xii) the share acquisition agreement dated 30 December 2009 between the Company and Shenzhen Petroleum, pursuant to which the Company has conditionally agreed to purchase, and Shenzhen Petroleum has conditionally agreed to sell, 92,250,000 shares of Huayou, representing approximately 26.58% shareholding interest in Huayou at a consideration of RMB260,151,100;

(xiii) the disposal of shares and assignment of loan agreement dated 15 January 2010 between Smart Achieve Development Limited ("**SADL**"), a wholly-owned subsidiary of the Company, and Commonwealth Oil & Gas Company Limited ("**COGCL**"), pursuant to which SADL has conditionally agreed to (i) dispose of 8,450 shares in Commonwealth Gobustan Limited ("**CGL**") for the consideration of US$9,500,000; and (ii) assign and transfer the SADL's loan at a consideration of US$1 to COGCL;

(xiv) the equity interest disposal agreement dated 14 May 2010 between the Company and CNPC Research Institute of Economics and Technology ("**CNPC-ETRI**"), pursuant to which the Company has conditionally agreed to dispose of, and CNPC-ETRI has conditionally agreed to acquire, 32% equity interest in 北京中油聯合信息技術有限公司 (Beijing Zhongyou Company Limited*) ("**Beijing Zhongyou**"), at a consideration of RMB5,577,792;

(xv) the acquisition agreement dated 17 May 2010 between the Company and PetroChina, pursuant to which the Company has conditionally agreed to purchase, and PetroChina has conditionally agreed to sell, 55% equity interest in 中石油江蘇液化天然氣有限公司 (PetroChina LNG Jiangsu Company Ltd*) ("**Jiangsu LNG Company**"), at a consideration of RMB500,206,200 in cash;

(xvi) the acquisition and capital increase agreement dated 22 June 2010 among the Company, 四川石油管理局 (Sichuan Petroleum Management Bureau*) ("**Sichuan Bureau**") and 四川華油集團有限責任公司 (Sichuan Huayou Group Co., Ltd.*) ("**Sichuan Huayou**"), pursuant to which (i) the Company has conditionally agreed to acquire, and Sichuan Huayou has conditionally agreed to sell 100% equity

interest in 四川石中石油輸氣科技有限公司 (Sichuan Shizhong Petroleum and Gas Transmission Technology Co., Ltd.*) ("**Sichuan Shizhong**"), at a consideration of RMB6,683,900 payable in USD or other convertible foreign exchange; and (ii) the Company and Sichuan Bureau have conditionally agreed to increase the share capital of Sichuan Shizhong from RMB6,000,000 to RMB310,000,000 by way of: (a) capital injection by the Company in the total amount of RMB152,100,000, contributing in USD or other convertible foreign exchange in two stages; and (b) non-cash assets injection and/or cash injection by Sichuan Bureau equivalent to RMB151,900,000 to be injected into Sichuan Shizhong in two stages; the Company and Sichuan Bureau would own 51% and 49% of equity interest in Sichuan Shizhong upon completion, respectively;

(xvii) the joint venture agreement dated 17 August 2010 between the Company and Tianjin Gas Group, pursuant to which the parties agreed to establish a Sino-foreign co-operative joint venture in the PRC, namely 中石油天津天然氣管道有限公司 (PetroChina Tianjin Natural Gas Pipeline Company Limited*) (the "**PetroChina Tianjin JV**") and the Company agreed to contribute 51% of the registered capital of PetroChina Tianjin JV by injecting RMB51 million;

(xviii) the joint venture agreement dated 26 August 2010 between the Company and 中燃燃氣實業(深圳)有限公司 (China Gas Industries (Shenzhen) Limited*) ("**China Gas**") and 河北渤海投資有限公司 (Hebei Bohai Investment Company Limited*) ("**Hebei Bohai**"), pursuant to which the Company and the parties agreed to establish a Sino-foreign co-operative joint venture in the PRC, namely 滄州中油燃氣有限公司 (Cangzhou Gas Limited Company PetroChina*) (the "**Cangzhou JV**") and the Company has agreed to contribute 51% of the registered capital of Cangzhou JV by injecting RMB51.00 million;

(xix) the acquisition agreement dated 9 November 2010 between the Company and PetroChina, pursuant to which the Company has conditionally agreed to purchase, and PetroChina has conditionally agreed to sell, 75% equity interest in 中石油大連液化天然氣有限公司 (PetroChina Dalian LNG Company Ltd*) ("**Dalian LNG**") at a consideration of RMB2,009.09 million;

(xx) the supplemental joint venture agreement dated 26 November 2010 between the Company and Hebei Huayou, pursuant to which the parties have agreed to increase the registered share capital of Huagang JV to RMB1,000,000,000 in proportion to their respective shareholding percentage by way of (i) capital injection by the Company in the total amount of RMB408,000,000 in RMB or equivalent amount of foreign exchange; and (ii) cash injection and non-cash assets injection by Hebei Huayou equivalent to a total amount of RMB392,000,000;

(xxi) the supplemental agreement dated 26 November 2010 between the Company and Sichuan Bureau, pursuant to which Sichuan Bureau has agreed to conduct second stage non-cash assets injection and inject equity interest and assets in the total amount of RMB70,611,100 into 四川川港燃氣有限責任公司 (Sichuan Chuangang

Gas Co., Ltd.*) ("**Chuangang**") within two years from the date upon which Chuangang has converted into a wholly-foreign owned enterprise and obtained its first business registration licence; and

(xxii) the acquisition agreement dated 31 December 2010 between the Company and PetroChina, pursuant to which PetroChina has conditionally agreed to sell and the Company has conditionally agreed to purchase 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. at a consideration of approximately RMB18,870.9 million.

Save as disclosed above, no material contracts (not being a contract entered into the ordinary course of business carried on by the Group) have been entered into by any member of the Group within two years preceding the Latest Practicable Date which are or may be material.

6. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009 (being the date to which the latest published audited financial statements of the Company have been made up) and up to the Latest Practicable Date.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
ING Bank, N.V.	A registered institution under the Securities and Futures Ordinance, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
Merrill Lynch (Asia Pacific) Ltd	A registered institution under the Securities and Futures Ordinance, registered to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
China Enterprise Appraisals Co., Ltd	A China Certified Public Assets Valuer approved by the Finance Bureau of Beijing Municipal Government
BMI Appraisals Limited	Chartered Surveyors and Property Valuers
Kaiwen Law Firm	Qualified PRC lawyers

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this circular with the expert's statement included in the form and context in which it is included.

As at the Latest Practicable Date, Bank of America Corporation and its subsidiaries held 9,641,672 Shares, representing approximately 0.194% of the total issued share capital of the Company. ING held 46,000 Shares, representing approximately 0.001% of the total issued share capital of the Company. Save as disclosed above, as at the Latest Practicable Date, the experts referred to above did not have any shareholding in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

None of the experts referred to above, directly or indirectly, has had any interest in any assets which had since 31 December 2009 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

(a) The company secretary of the Company is Lau Hak Woon. Lau Hak Woon is a member of Hong Kong Institute of Certified Public Accountants in Hong Kong; fellow member of The Chartered Association of Certified Accountants in UK and Certified Management Accountant of the Society of Management Accountants of Ontario in Canada.

(b) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda.

(c) The share registrar of the Company is Tricor Secretaries Limited.

(d) All references to times in this circular refer to Hong Kong times.

(e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the registered office of the Company at 39th Floor, 118 Connaught Road West, Hong Kong from the date of this circular up to and including 10 March 2011:

(a) the Bye-laws of the Company;

(b) the agreements and contracts for the connected transactions and continuing connected transactions referred to Part II and Part VIII of the Letter from the Board of this circular;

(c) the letter from the Independent Board Committee to the Independent Shareholders dated 19 February 2011, the text of which is set out on page 47 of this circular;

(d) the letter from the Independent Financial Adviser dated 19 February 2011, the text of which is set out on pages 48 to 86 of this circular;

(e) the audited financial statements of the Group for the year ended 31 December 2009 and the unaudited financial information of the Group for the six months ended 30 June 2010, an extract of which is set out in Appendix II of this circular;

(f) the accountant's report on the Target Group from PricewaterhouseCoopers, the text of which is set out in Appendix III of this circular;

(g) the report on the unaudited pro forma financial information of the Enlarged Group dated 19 February 2011 from PricewaterhouseCoopers, the text of which is set out in Appendix IV of this circular;

(h) the valuation report on the Relevant Equity Interest of PetroChina Beijing Pipeline Co. prepared by China Enterprise Appraisals Co., the text of which is set out in Appendix V of this circular;

(i) the property valuation report dated 19 February 2011 prepared by BMI Appraisals Limited, the text of which is set out in Appendix VI of this circular;

(j) the contracts referred to in the section headed "Material Contracts" in paragraph 5 of this appendix;

(k) the letter in relation to the valuation report referred in (h) dated 19 February 2011 prepared by Merrill Lynch (Asia Pacific) Ltd, the text of which is set out in Appendix VII of this circular;

(l) the letter in relation to the valuation report referred in (h) dated 19 February 2011 prepared by PricewaterhouseCoopers, the text of which is set out in Appendix VII of this circular.

(m) this circular and a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued by the Company since its latest published audited accounts; and

(n) the written consents from each of the experts referred to in the section headed "Qualification and Consent of Experts" in paragraph 8 of this appendix.

KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135)
(Formerly known as CNPC (Hong Kong) Limited
中國(香港)石油有限公司)*

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of Kunlun Energy Company Limited (the "**Company**") will be convened at Everest Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 11 March 2011 (Friday) at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company:–

1. "**THAT**:

   Conditional upon the Listing Committee of The Hong Kong Stock Exchange Limited approving the listing of and granting permission to deal in 2,194,384,791 ordinary shares of HK$0.01 each in the share capital of the Company to be issued to PetroChina Company Limited ("**PetroChina**") (or to PetroChina's nominees(s)) (the "**Consideration Shares**") under the acquisition agreement (the "**Acquisition Agreement**") entered into between the Company and PetroChina dated 31 December 2010 (the details of which are set out in the circular dated 19 February 2011 despatched by the Company to its shareholders (the "**Circular**"), a copy of the Acquisition Agreement has been produced at the meeting marked "A", and signed by the chairman of the meeting for identification purposes), and the transactions contemplated therein, including but not limited to:

   (a) the acquisition of the of 60% equity interest in PetroChina Beijing Gas Pipeline Co., Ltd. by the Company from PetroChina; and

   (b) the issue and allotment of the Consideration Shares at the issue price of HK$10.02 per Consideration Share,

   be and are hereby approved, confirmed and ratified, and any one director (if execution under the common seal of the Company is required, any two directors) of the Company be and is/are hereby authorised for and on behalf of the Company to do all such further acts and things and executed further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Acquisition Agreement and the transactions contemplated thereunder."

2. "**THAT**:

(a) the Revised Caps (as defined under the Circular) for the continuing connected transactions for the financial year ending 31 December 2011 as set out in section VIII(3) of the Circular, be and are hereby approved, ratified and confirmed; and

(b) any one director (if execution under the common seal of the Company is required, any two directors) of the Company be and is/are hereby authorised for and on behalf of the Company to sign, and where required, to affix the common seal of the Company to any documents, instruments or agreements, and to do any acts and things deemed by him to be necessary or expedient in order to give effect to the Revised Caps."

3. "**THAT**:

The authorised share capital of the Company denominated in Hong Kong currency be increased from HK$80.0 million to HK$160.0 million by the creation of an additional 8,000,000,000 shares of HK$0.10 each in the capital of the Company"

By Order of the Board
Lau Hak Woon
Company Secretary

Hong Kong, 19 February 2011

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy need not be a member of the Company. **Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting should he so wish.**

2. To be valid, the form of proxy, together with a power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's principal office at 39th Floor, 118 Connaught Road West, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. The form of proxy must be completed strictly in accordance with the instructions set out therein.

3. CNPC, PetroChina and its associates will abstain from voting in respect of Resolutions Nos. 1 and 2.

4. Unless otherwise defined, terms use in this notice shall have the same meanings as those defined in the Circular.

* *For identification purpose only*

As at the date of this notice, the board of directors of the Company comprises Mr. Li Hualin as Chairman, Mr. Zhang Bowen as the Chief Executive Officer, Mr. Cheng Cheng as Executive Director and Dr. Lau Wah Sum, Mr. Li Kwok Sing Aubrey and Dr. Liu Xiao Feng as Independent Non-Executive Directors.