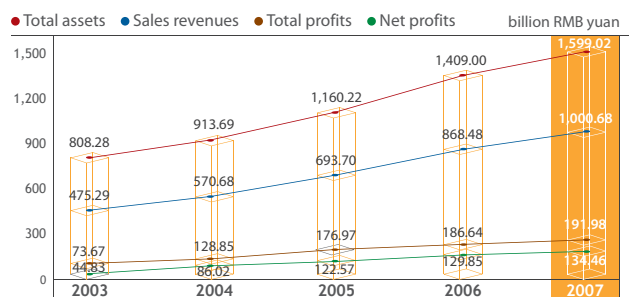


Review of the Year

In 2007, adhering to our mission of "Caring for Energy, Caring for You", we continued to pursue our strategic goals of increasing resources, expanding markets and seeking a greater international role. We leveraged our advantage as a large corporation and optimized our resource layout. With enhanced technological, institutional, and managerial innovation, we were able to push forward with our plans to further improve our management, integrate our businesses, and regroup our specialized business sectors. As a result, we maintained all our operations on a relatively fast but sustained, effective and coordinated growth track, and we fulfilled all our development objectives.

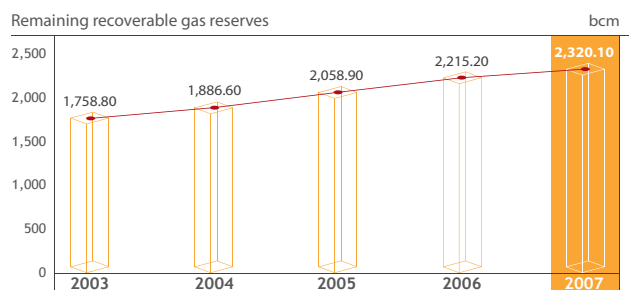
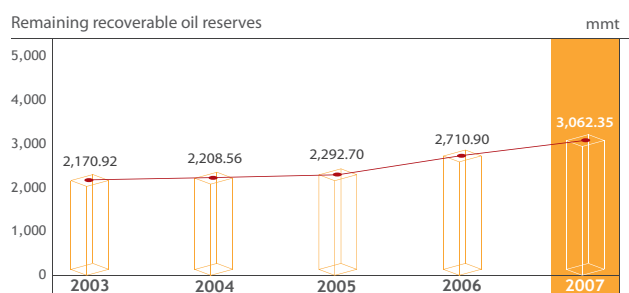
Financial Performance

In 2007, CNPC recorded the best performance in its history, thanks to the contribution of all its business sectors. While our oil and gas exploration and development remained profitable, our refining operations achieved a higher output with reduced costs. In addition, the profitability of our chemical operations increased steadily, and natural gas and pipeline operations recorded the highest growth. In 2007, we registered sales revenues of RMB 1000.68 billion, total profits of RMB 191.98 billion, and taxation payments of RMB 198.5 billion, up 15.2%, 3%, and 11% respectively from the previous year. The company's total assets amounted to RMB 1599.02 billion, up 13.5%.



Exploration

2007 witnessed eight strategic discoveries and achievements based on our heavier investment in oil and gas exploration, in particular risk exploration and exploration in complex lithologic and foreland-basin reservoirs. We discovered Jidong Nanpu Oilfield with a reserve volume of 1.18 billion metric tons and proved Sulige Gas Province with a reserve of more than 1 trillion cubic meters. 830 million metric tons of oil in place and 445.39 billion cubic meters of gas in place were newly proven in 2007, reflecting a new period of high reserve growth from oil and gas exploration.

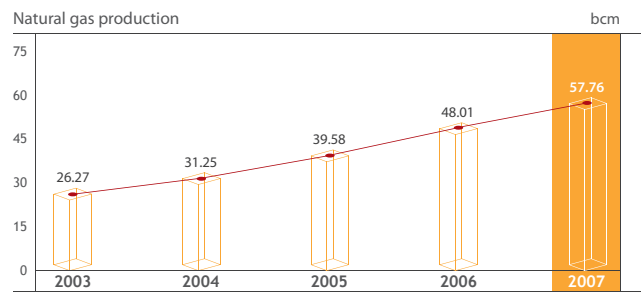
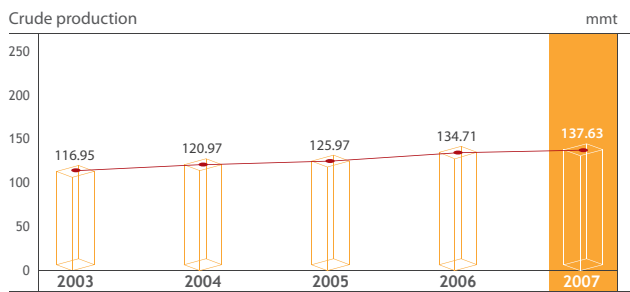


Exploration Highlights

	2003	2004	2005	2006	2007
Newly proven oil in place (mmt)	928.09	758.50	755.35	901.66	1,042.17
Domestic	439.03	521.07	557.04	615.11	831.59
Overseas	489.06	237.43	198.31	286.55	210.58
Newly proven gas in place (bcm)	384.53	200.88	362.79	369.25	452.20
Domestic	383.89	200.88	358.33	365.40	445.39
Overseas	0.64	0.00	4.46	3.85	6.81
Remaining recoverable oil reserves (mmt)	2,170.92	2,208.56	2,292.70	2,710.90	3,062.35
Domestic	1,639.72	1,648.98	1,654.69	1,827.12	1,949.24
Overseas	531.20	559.58	638.01	883.78	1,113.11
Remaining recoverable gas reserves (bcm)	1,758.80	1,886.60	2,058.90	2,215.20	2,320.10
Domestic	1,674.00	1,805.20	1,954.30	2,095.50	2,188.90
Overseas	84.80	81.40	104.60	119.70	131.20

Production

To stabilize production in eastern fields and speed up production in western fields, CNPC reformed its development approach. A secondary development program was initiated to maintain production in mature oilfields. In new blocks, productivity construction was accelerated. Both crude oil and natural gas production climbed to record highs. An increase of 0.9% in crude oil production to 107.65 million metric tons and a rapid rise of 22.7% in gas production to 54.25 billion cubic meters were achieved. Total oil and gas production reached 150.87 million metric tons of oil equivalent, up 6.3% from the previous year.

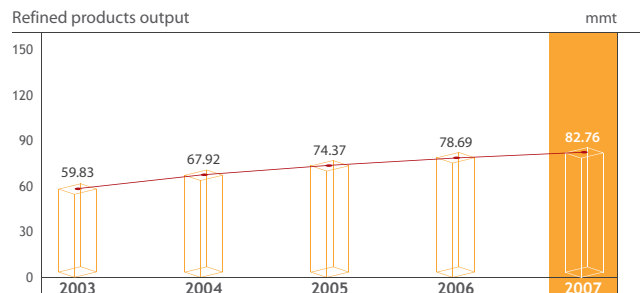
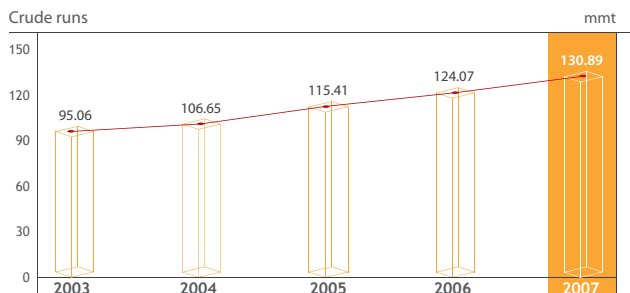


Production Highlights

	2003	2004	2005	2006	2007
Crude production (mmt)	116.95	120.97	125.97	134.71	137.63
Domestic	104.02	104.55	105.94	106.64	107.65
Overseas	12.93	16.42	20.03	28.07	29.98
Natural gas production (bcm)	26.27	31.25	39.58	48.01	57.76
Domestic	24.88	28.66	36.67	44.21	54.25
Overseas	1.39	2.59	2.91	3.80	3.51

Refining and Chemicals

To optimize our layout and structure, CNPC systematically constructed some large refining and chemical bases, inaugurating a 800kt/a PTA unit at Liaoyang Petrochemical Company and a 1Mt/a bitumen unit at Karamay Petrochemical Company. In 2007, CNPC processed 121.73 million metric tons of crude oil domestically, a year-on-year increase of 5.1%, and produced 2.58 million metric tons of ethylene, an increase of 24.6%. Primary annual crude processing capacity increased 1.5 million metric tons, while ethylene production capacity rose 80,000 metric tons.



Refining and Chemicals Highlights

	2003	2004	2005	2006	2007
Crude runs (mmt)	95.06	106.65	115.41	124.07	130.89
Domestic	92.55	103.70	110.61	115.87	121.73
Overseas	2.51	2.95	4.80	8.20	9.16
Refined products output (mmt)	59.83	67.92	74.37	78.69	82.76
Domestic	57.84	65.61	71.16	73.39	76.81
Overseas	1.99	2.31	3.21	5.30	5.95
Ethylene output (mmt)	1.82	1.85	1.89	2.07	2.58
Refined products sales (mmt)	56.29	64.30	71.86	75.22	82.80
Chemicals sales (mmt)	10.78	13.05	13.17	13.52	15.60

Oil & Gas Pipelines

As planned, we made impressive progress on our strategic oil and gas pipelines. The Western Crude Pipeline was completed and put into operation, construction of the Lanzhou-Zhengzhou-Changsha Products Pipeline commenced, and the prophase preparation for the construction of the Second West-East Gas Pipeline was launched. In addition, nationwide central dispatch and control of oil and gas transportation was realized, thanks to the debut of the Beijing Oil & Gas Pipeline Control Center.

metric tons, up 34.5% on a year-on-year basis. We exported petroleum materials and equipments to 69 countries and regions throughout the world with the exporting amount 13.6% higher than that of 2006. Our overseas oil and gas investment, international engineering and technical services and international trading developed in an integrated and coordinated way.

Engineering and Technical Services

To realize integrated and coordinated development, CNPC oriented its engineering and technical services towards oil and gas exploration and production, refining and chemical engineering, and pipeline construction. With improved core and characteristic technologies and improved equipment, our operational capability and market competitiveness were enhanced. Considerable increases were witnessed in the labor hours spent on geophysical prospecting, drilling, well logging, mud logging and borehole operations. Several major pipeline, refining and chemical production projects were completed.

Overseas Oil and Gas Operations

In 2007, the company's overseas oil and gas operations maintained their rapid development. Oil and gas output from our five major oil and gas cooperation regions was boosted to 64.45 million metric tons of oil equivalent, an increase of 8.9% from 2006. The second section of the Kazakhstan-China Crude Pipeline was begun to construct. An agreement on the construction and operation of the Central Asia Gas Pipeline was reached. The newly signed contracts summed to USD 4.26 billion, and a total of USD 3.67 billion of contract specified amount was completed by our international engineering and service crews, an increase of 40.7%. In addition, continuous expansion was seen in our overseas oil and gas trading, with the trade volume reached 127 million