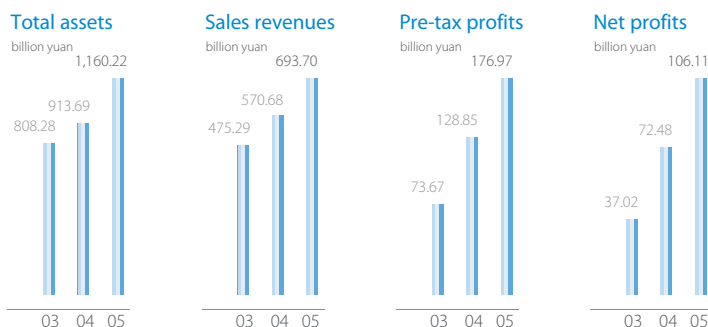


Corporation Profile

Business Performance Strong performance was accomplished through effective management of existing operations, offloading non-core assets, prudent acquisitions, and the consolidation of our existing financial structure. In 2005, we registered a year-on-year growth in revenue of 21.6% to 693.7 billion yuan, while pre-tax profits increased 37.3% to 177.0 billion yuan and total assets grew 27% to 1,160.2 billion yuan.



Upstream Our top priority is oil and gas exploration, focusing on the creation of a strong resource base. Heavy investment resulted in 7 major discoveries that containing hundreds of millions of tons of reserves in the Bohai Bay, Songliao, Ordos, Sichuan, Tarim and Junggar basins. A newly added reserve of 570 million metric tons of oil and 358 billion cubic meters of gas was proved in 2005, with an increase of 10.3% and 78.2% respectively on 2004.

CNPC attaches great importance to the effective development of oil and gas fields and increasing the productivity of previously inaccessible reserves, resulting in the steady growth of oil production and the rapid growth of gas production. We produced 105.95 million metric tons of crude oil in 2005, representing a year-on-year increase of 1.3% and 36.7 billion cubic meters of gas, an increase of 27.9%.

CNPC prudently acquired oil and gas assets worldwide such as PetroKazakhstan, Encana's assets in Ecuador and PetroCanada's assets in Syria. The addition of these reserves strengthened the foundation for the sustainable development of the company. Overseas, CNPC has claimed 198 million metric tons of newly proven oil in place and produced 35.82 million metric tons of oil (equity oil production 20.02 million metric tons) and 4.02 billion cubic meters (equity gas production 2.9 billion cubic meters) of gas, representing an increase of 13.3% and 12.0% respectively on 2004.

Upstream operating highlights

	2003	2004	2005
Newly proven oil in place (million metric tons)	928.09	758.50	772.93
Domestic	439.03	521.07	574.62
Overseas	489.06	237.43	198.31
Newly proven gas in place (billion cubic meters)	384.53	200.88	362.44
Domestic	383.89	200.88	357.98
Overseas	0.64	0	4.46
Remaining recoverable oil reserves (million metric tons)	2,170.92	2,208.16	2,292.30
Domestic	1,639.72	1,648.58	1,654.29
Overseas	531.20	559.58	638.01
Remaining recoverable gas reserves (billion cubic meters)	1,758.8	1,885.4	2,057.8
Domestic	1,674.0	1,804.0	1,953.2
Overseas	84.8	81.4	104.6
Crude oil production (million metric tons)	116.95	120.97	125.97
Domestic	104.02	104.55	105.95
Overseas	12.93	16.42	20.02
Natural gas production (billion cubic meters)	26.27	31.25	39.58
Domestic	24.88	28.66	36.67
Overseas	1.39	2.59	2.91

Midstream CNPC pushed forward the development of pipelines and continued with the construction of a pipeline network in eastern and mid-western China. Many strategic pipelines have been completed and put into operation, which has further improved the network. The welding of the trunk Shanshan-Lanzhou Crude Oil Pipeline is nearing completion, and the principal part of the Urumchi-Lanzhou Product Pipeline has been completed. Preliminary work of LNG terminals is underway in Tangshan (Hebei Province), Jiangsu Province and Dalian (Liaoning Province).

Downstream The company is adapting to market fluctuations, optimizing the allocation of resources, reorganizing production, enhancing operational efficiency, and maximizing the utilization rate of installations. We are intensifying the upgrading and renovation of our refining and chemicals facilities, elevating the scale and technical level of our plants, and shutting down inefficient facilities. We have further optimised our product mix, strengthened product quality and focused on highly value-added products, developing and earning a larger share of the consumer market.

In 2005, CNPC processed 115.41 million metric tons of crude oil, a year-on-year increase of 8.2%, and our refined product output grew 9.5% to 74.37 million metric tons while chemicals output reached 11.53 million metric tons, an increase of 0.3%.

- The newly built refining unit at Dalian Petrochemical Company will be put into operation with an annual processing capacity of 10 million metric tons.
- The annual crude processing capacity of our Lanzhou Petrochemical Company, Fushun Petrochemical Company, and West Pacific Petrochemical Company will reach 10 million metric tons with the completion of their renovation projects.

- Six new gas compressor stations have been constructed for the West-East Gas Pipeline, increasing the annual gas throughput capacity to 12 billion cubic meters.
 - Our Parallel Shaan-Jing Pipeline is completed and put into production, facilitating the gas supply in Beijing and North China.
 - The completion of the Xiangtan branch links up the Zhongxian-Wuhan pipeline.
 - The completion of the Ji-Ning branch of the West-East Gas Pipeline realizes the dual direction gas transmission and allows adjustments between our West-East Gas Pipeline and the Parallel Shaan-Jing Pipeline.
 - Our Sino-Kazakh Oil Pipeline (from Atasu to Alashankou), China's first transnational pipeline, has been completed, ensuring the establishment of our refining and chemicals base in West China.
- The one-million-ton ethylene project and ten-million-ton refining capacity project in our Dushanzi Petrochemical Company are under construction.

Downstream operating highlights

	2003	2004	2005
Crude runs (million metric tons)	95.06	106.65	115.41
Domestic	92.55	103.70	110.61
Overseas	2.51	2.95	4.80
Refined products output (million metric tons)	59.83	67.92	74.37
Domestic	57.84	65.61	71.16
Overseas	1.99	2.31	3.21
Refined products sales (million metric tons)	60.52	67.01	75.72
Major chemicals output (million metric tons)	10.97	11.49	11.53