

As at December 31, 2000, the register of substantial shareholders kept by the Company under Section 16(1) of the SDI Ordinance showed the following persons in the following table and notes are interested in 10% or more of the Company's H shares in issue:

	Number of H shares beneficially held	Percentage of the total number of H shares in issue as at December 31, 2000 (%)	Percentage of the total number of shares in issue as at December 31, 2000(%)
BP Investments China Limited	3,516,484,000	20.00	2.00 ¹
Franklin Resources, Inc.	2,470,114,000	14.00	1.40 ²
Templeton International, Inc.	2,460,528,000	13.99	1.39 ³
Templeton Global Advisors, Ltd.	2,116,744,000	12.04	1.20 ⁴

Notes:

1. BP Global Investments Limited has the same holdings through BP investments China Limited. BP Amoco plc also has the same holdings through BP Global Investments Ltd. and BP Investments China Limited.
2. Includes duplications of holdings of Templeton Investment Counsel, Inc. (which in turn holds part of its shares through Templeton Global Advisors, Ltd.). Templeton Worldwide, Inc. also has the same holdings through the same persons.
3. Includes holdings of shares through Templeton Global Advisors, Ltd.
4. T.G.H. Holdings Limited has the same holdings through Templeton Global Advisors, Ltd.

As at December 31, 2000, save as disclosed above, no person (other than the directors, members of the senior management or the supervisors of the Company) had recorded an interest in the substantial shareholder register kept pursuant to section 16(1) of the SDI Ordinance.

Connected Transactions

In 2000, the Company has continued to enter into the following transactions with CNPC, the controlling shareholder of the Company which holds in aggregate approximately 90% of the share capital of the Company, and other members of the CNPC group. All of these transactions will constitute connected transactions for the Company under the Rules Governing the Listing of Securities on the HKSE.

1 Comprehensive Products and Services Agreement

CNPC and the Company continue to implement the Comprehensive Products and Services Agreement entered into on March 10, 2000 for the provision by the Group to the CNPC group and by the CNPC group to the Group of a range of products and services which may be required and requested from time to time by either party and/or its subsidiary companies and affiliates.

1.1 Products and Services to be provided by the Group to the CNPC group

Under the Comprehensive Products and Services Agreement, a limited range of products and services are to be provided by the Group to the CNPC group including those relating to

refined products, chemical products, natural gas and crude oil, supply of water, electricity, gas, heating, quantifying and measuring, quality inspection and other products and services as may be requested by the CNPC group for its own consumption, use or sale from time to time.

1.2 Products and Services to be provided by the CNPC group to the Group

The Company expects that the products and services to be provided by the CNPC group to the Group to be more numerous, both in terms of quantity and variety, than those to be provided by the Group to the CNPC group. They have therefore been grouped together and categorised according to the following types of products and services:

- construction and technical services
- production services
- supply of material services
- social services
- ancillary services
- financial services

It is envisaged that from time to time and as required, individual Product and Service Implementation Agreements will be entered into between the relevant service companies and affiliates of the CNPC group or the Group, as appropriate, providing the relevant products or services and the relevant members of the CNPC group or the Group, as appropriate, requiring such products or services.

2 Land Use Rights Leasing Contract

The Company continues to implement the Land Use Rights Leasing Contract dated March 10, 2000 with CNPC under which CNPC has leased a total of 42,476 parcels of land in connection with and for the purposes of all aspects of the Group's business and operations covering an aggregate area of approximately 1,145 million square meters located throughout the PRC to members of the Company for a term of 50 years at an annual fee of RMB 2,000 million. The total fee payable for the lease of all such property may, after 10 years from the effective date of the land use rights leasing contract, be adjusted (to reflect market conditions prevailing at such time of adjustment, including current market prices, inflation or deflation and such other pertinent factors as may be reasonably considered in negotiating and agreeing to any such adjustment) by agreement between CNPC and the Company. In addition, any governmental, legal or other administrative taxes and fees required to be paid in connection with the leased properties will be borne by CNPC. However, both parties will share proportionately on a reasonable basis any additional amount of such taxes payable as a result of changes in policies of the PRC government after the date of the contract.

3 Buildings Leasing Contract

The Company continues to implement the Buildings Leasing Contract dated March 10, 2000 with CNPC under which CNPC has leased a total of 191 buildings covering an aggregate area of 269,770 square meters located throughout the PRC, together with the Company's headquarters, comprising approximately 10,000 square meters, to the Company.

The 191 buildings were leased at a price of RMB 145 per square meter per year, that is, at an aggregate annual fee of RMB 39,116,650, for a term of 20 years. The Company is responsible for the payment of any governmental, legal or other administrative taxes and maintenance charges required to be paid in connection with those buildings.

The Company's headquarters are leased by CNPC to the Company at a price of RMB 720 per square meter per year, that is, at an annual fee of RMB 7,200,000, for a term of two years. In addition, the Company is responsible for the payment of all maintenance charges in connection with the Company's headquarters.

4 Intellectual Property Licensing Contracts

CNPC and the Company continue to implement three Intellectual Property Licensing Agreements, being a Trademark Licensing Contract, a Patent and Know-how Licensing Contract and a Computer Software Licensing Contract, all dated March 10, 2000. In these Licensing Contracts, CNPC has granted the Company exclusive rights to use certain trademarks (including the "CNPC" trademark), patents, know-how of CNPC and computer software of CNPC (as more particularly detailed in those three contracts) at no cost. These intellectual property rights relate to the assets and businesses of CNPC which were transferred to the Company in the restructuring of the CNPC group.

5 Contract for the Transfer of Rights under Production Sharing Contracts

CNPC and the Company continue to implement the Contract for the Transfer of Rights under Production Sharing Contracts dated March 10, 2000. Under the Contract for the Transfer of Rights under Production Sharing Contracts, CNPC transferred to the Company relevant rights and obligations under 23 production sharing contracts with a number of international oil companies, except for the rights and obligations relating to CNPC's supervisory functions.

6 Guarantee of Debts Contract

CNPC and the Company continue to implement the Guarantee of Debts Contract dated March 10, 2000. All the debts of CNPC relating to assets transferred to the Company in the restructuring of the CNPC group were transferred to, and assumed by, the Company.

In the Guarantee of Debts Contract entered into between CNPC and the Company, CNPC has agreed to guarantee certain of the debts of the Company totalling approximately RMB 17,712 million (including principal and interest) as of December 31, 2000 at no cost to the Company.