

## MAJOR EVENTS IN 2003

### March

- The Company entered into the Cooperative Framework Agreement with China Ocean Shipping (Group) Company (“COSCO”) for cooperation in developing the ship fuel oil market. It is preliminarily agreed that both parties will restructure China Marine Bunker Supply Company (“CMBSC”), a subsidiary of COSCO, into a company with limited liability by jointly injecting capital into CMBSC.
- The Company held an inception ceremony in Jiayuguan City, Gansu Province for the commencement of construction of the Gansu section of the West-East Pipeline project. The Gansu section of the West-East Pipeline starts from Anxi County, Gansu Province and ends at Jingtai County, Gansu Province, stretching along the Lanzhou-Xinjiang Railway to the Hexi Corridor and crossing 12 cities and counties including Liuyuan, Yumen, Jiayuguan, Jiuquan, Zhangye and Wuwei. With a total length of 976 kilometres, it is the longest section of the West-East Pipeline project among all provinces, regions and cities.
- The Company held the second meeting of the second Board of Directors in Beijing and adopted resolutions on the following matters: the Company’s Financial Statements for the year 2002, the Company’s annual report for the year 2002 (for publication in Hong Kong), President Work Report for the year 2002, Report on Performance Assessment and Formulation of Performance Contract Relating to Management Members Headed by President for the year 2003, issue of corporate bonds by the Company, establishment of the capital operation department, authorisation for the Board of Directors to determine the Company’s distribution of interim dividend, and convening of 2002 annual general meeting.
- The Company received a number of awards in the survey of “Asia’s Best Companies 2003 – China” held by *FinanceAsia*, the most influential publication in the Asian Pacific capital markets.

### April

- The Company announced that it completed the acquisition of 50% of the interests of Amerada Hess Indonesia Holdings Co. (“AHIH”), a subsidiary of an American company Amerada Hess, at a consideration of approximately US\$82 million in cash, including operating capital. PETRONAS acquired the remaining 50% of interests of AHIH on the same terms. AHIH, the Company and PETRONAS held 30% of interests each in the Jabung Block PSC, with PERTAMINA holding the other 10%. The Company was the operator of the PSC.

The acquisition of AHIH also included Amerada Hess’ 20% interests in an associated downstream project, which was for the construction of facilities for the processing and sales of LPG and light naphtha. Part of the acquisition prices for the project would be made payable to Amerada Hess only when certain milestones were reached on this project.

The Jabung PSC is located onshore Sumatra and includes the North Geragai, Makmur, Gemah, Northeast Betara and North Betara oil and gas fields. The Company's other upstream interests in Indonesia include Tuban Block, South Jambi B Block, Bangko Block, Salawati Basin and Salawati Island Blocks.

#### May

- The 2002 annual general meeting of the Company was held in Beijing, at which resolutions on the following matters were adopted: approval of the Report of Board of Directors for the year 2002, approval of the Report of the Supervisory Committee for the year 2002, approval of the financial statements of the Company for the year 2002, approval of the Company's profit distribution plan for the year 2002, approval of the authorisation of the Board of Directors to determine on the distribution of interim dividend for the year 2003, approval of the proposal of appointment of domestic and foreign accounting firms for the Company for the year 2003, approval of the issue of the corporate bonds of the Company, approval of election of Mr Wang Fucheng to be director of the Company, approval of election of Mr Zheng Fu to be director of the Company, and approval of election of Mr Franco Bernabè to be independent director of the Company.

#### June

- The Company and the Industrial and Commercial Bank of China held an inaugural ceremony in Beijing to launch the trial operation of the Peony Transportation Card gas service application system. The Company's service stations in Beijing began to accept Peony Transportation Card. The trial operation of this system established the first milestone of the project. It enabled payments and settlements at PetroChina's service stations in Beijing to be effected by both the Peony Transportation Card and the PetroChina Gas Card, thus providing convenient multi-purpose card services to three million holders of the Peony Transportation Card. It also helped to provide experience for the "All in One Card" style management and services planned to be used in the 2008 Olympics in Beijing.

#### July

- *Business Week*, a highly influential magazine in the international business world, published its Global 1000 and Emerging Market 200 rankings (based on stock market value). On the Emerging Market 200 ranking, the Company leaped from 83<sup>rd</sup> in 2002 to 3<sup>rd</sup> in 2003 with a market value of US\$43.512 billion, ranking the 2<sup>nd</sup> among elected Chinese companies.

#### August

- The Company and its cooperative partner Apache (NYSE: APA) announced that they achieved first production at the Zhaodong Block in Dagang, Baohai Bay, China with an output of 6,000 barrels of oil per day. It is expected that the output would reach the highest level of 22,000 barrels of oil per day in the first quarter of 2004. As an independent oil and gas company, Apache conducts operations in the United States, Canada, North Sea in Britain, Egypt, West Australia, China and Argentina. The Zhaodong Project was initially launched in 1993. Oil was first discovered in the block with an area of 197 square kilometers in 1994. With some other discoveries, including

the new discovery of a high-yield well in 1997, the block proved to have potential for future development.

- The Company held the third meeting of the second Board of Directors in Beijing. During the meeting, resolutions on the following matters were adopted: the Company's interim financial statements for the year 2003, the Company's provision for interim dividend for the year 2003 and the adjustment of the Company's 2003 investment plan.
- The commissioning ceremony for the construction of the Zhongxian-Wuhan Gas Pipeline Project was held in Yichang, Hubei Province. The Zhongxian-Wuhan Gas Pipeline Project comprises the trunk pipeline from Zhongxian County, Chongqing to Wuhan, Hubei Province as well as the three branch pipelines from Jingzhou to Xiangfan, from Qianjiang to Xiangtan and from Wuhan to Huangshi. With a total length of 1347.3 kilometers, the Zhongxian-Wuhan Pipeline represents an artery of energy resources connecting the Chuanyu Gas Block as well as Hubei and Hunan Provinces. The commissioning of this project marked the full-scale implementation of another long-distance natural gas transmission pipeline project invested and constructed by the Company subsequent to the West-East Pipeline project. The natural gas of the Zhongxian-Wuhan Pipeline originates from the Sichuan Basin in which the total volume of natural gas resources exceeds 7,000 billion cubic meters and the proved geological reserves amount to more than 680 billion cubic meters. Currently, the downstream users in Hunan and Hubei Provinces have entered into gas supply and utilisation contracts with 27 users. The natural gas will be mainly used in projects relating to petrochemistry, power generation, construction materials, metallurgy, urban gas, etc.
- In the 2003 Report on Asian Securities Investment published by the *Research Institute of Institutional Investors*, the Company was named the Best Investor Relations Company (China) (Buyer--Funds Manager).

#### September

- The Company was rated Best Investor Relations and Best Corporate Governance (under the category of energy resources industry) by *Asiamoney*, a very influential publication in capital markets in the Asia-Pacific Region.

#### October

- The Jingbian-Shanghai section of the West-East Pipeline project was officially put into production and operated on a trial basis, thereby establishing a strong and solid foundation for the formal supply of gas to the commercial sector in Shanghai. With a total length of 1,485 kilometers, the eastern section of the West-East Pipeline project stretches from Jingbian, Shaanxi Province to Baihe Town, Shanghai, crossing the six provinces of Shaanxi, Shanxi, Henan, Anhui, Jiangsu and Zhejiang and the city of Shanghai. Recently, the Company has made further substantial achievements in opening up markets. The Company has initialled gas supply and utilisation agreements with 19 downstream users, including Shanghai Natural Gas Network Co. Ltd. and Yangtse-BASF Co, Ltd. , in such provinces and cities as Hehan, Anhui, Jiangsu and Shanghai.

## November

- The welding work of the whole trunk pipeline with a length of 2,330 km in the western section (Lunnan-Jingbian) of the West-East Pipeline project was completed. This established a strong and solid foundation for the full completion of the whole pipeline of the West-East Pipeline project at the end of 2004 and the transmission of natural gas in Tarim, Xinjiang Province to Shanghai in early 2005. The West-East Pipeline project stretches from the western section in the Tarim Gas Field in Xinjiang Province to the eastern section in Jingbian, Shaanxi Province, crossing the four provincial blocks of Xinjiang, Gansu, Ningxia and Shaanxi. The welding work of the whole trunk pipeline in the western section was completed.
- The Company held the fourth meeting of the second Board of Directors in Beijing. During the meeting, resolutions on the following matters were adopted: the Company's Budget Report for the year 2004 and the reporting of the Company's Budget Report for the year 2004.
- The Company was rated by Standard & Poor's, a world renowned rating institution, as one of "China's Top 50 Companies".

## December

- The winter emergency additional transmission project of the Shaan-Jing transmission pipeline system – the main natural gas supply pipeline in Beijing – was completed ahead of schedule with high quality and operated in an efficient manner. Thereupon, the winter daily peaking gas supply capacity of the pipeline increased from 16.1 million cubic meters to 26.3 million cubic meters. This project was tantamount to the construction of a new Shaan-Jing pipeline in terms of an increase in the daily peaking capacity by 10.2 million cubic meters. The completion of this project ensured that the supply of natural gas would meet the significant increase in the demand for natural gas in Beijing during the winter season this year.
- A gas blowout occurred at the Company's LuoJia No. 16H gas well in Kaixian, Chongqing. The gas well was contracted for drilling by the No. 12 Drilling Team of Chuandong Drilling Company under the Sichuan Oil Administration Bureau, a subsidiary of CNPC. This was a serious accident which resulted in the poisoning, injury and death of many people living in the surrounding areas. The accident has not resulted in a material adverse effect on the Company's results of operations and financial position, but it has already prompted the Company to pay serious attention to production safety.