



PetroChina Company Limited

## MAJOR EVENTS IN 2005

### February

- On February 17, in Asiamoney's Best Managed Companies and Corporate Governance Poll, the Company was awarded the "Overall Best-Managed Large Cap Company in 2004" and "Overall Most Improved Company for Best Management Practices in 2004" in the PRC. Li Huaiqi, the Secretary of the Company's Board of Directors, accepted the awards from Asiamoney on behalf of the Company.

### March

- On March 16, the Company held the ninth meeting of the Second Term of the Board of Directors in Beijing, during which the following resolutions were passed: resolution on the Company's Financial Statements for the year 2004 (including the publication of annual results for the year ended December 31, 2004); resolution on the draft profit distribution plan for the year 2004; resolution on the Company's annual report for the year 2004 (for publication in Hong Kong); resolution on the President's Work Report for the year 2004; resolution on the report on the Assessment of the Completion of Performance Targets by the President's Work Team and the formulation of performance contract for the year 2005; resolution on the proposal on requesting the shareholders' general meeting to authorize the Board of Directors to determine the distribution of the Company's interim dividend for 2005; resolution on the proposal on requesting the shareholders' general meeting to approve the amendment of the Company's Articles of Association; resolution on the amendment of the Work Manual for the Board of Directors; resolution on the projects for the acquisition of the refinery and petrochemical business and reorganization of Daiyuan and Qingyang; resolution on the proposal on requesting the shareholders' general meeting to authorize the Board of Directors to issue new shares of the Company; and resolution on the convening of the annual general meeting for the year 2004.
- On March 28, the Company entered into an Acquisition Agreement with CNPC pursuant to which the Company acquired the refinery and petrochemical businesses of Dayuan and Qingyang, both of which are wholly-owned subsidiaries of CNPC for a cash consideration of RMB9 million.

### April

- On April 15, FinanceAsia published its fifth poll results on the "Annual Best Asian Companies". In the Asian industries category, the Company was awarded the "Best Company in the Asian Oil



Industry". In the competition by region and country, the Company was awarded the first place of the "Best Managed Companies in China" and the "Best Company in Guaranteeing Dividend Payments".

- On April 18, Forbes published its latest ranking of the "Forbes 2000 World's Leading Companies". 88 companies in China ranked among these 2000 leading companies. The Company ranked first amongst the companies in China and ranked 57 worldwide. Sinopec ranked 94 worldwide. These are the only two companies in China which were amongst the top 100 companies worldwide.

## May

- On May 26, the Company held its annual general meeting for the year 2004 in Beijing. The following resolutions were passed in the meeting: approval of the Report of the Board of Directors for the year 2004; approval of the Report of the Supervisory Committee for the year 2004; approval of the Financial Statements for the year 2004; approval of the profit distribution plan for the year 2004; approval of the proposal to authorize the Board of Directors to determine the distribution of the Company's interim dividend for 2005; approval of the appointment of PricewaterhouseCoopers Zhong Tian CPAs Company Limited and PricewaterhouseCoopers as domestic auditors and international auditors of the Company respectively and authorizing the Board of Directors to determine the remuneration for the auditors; approval of the proposal to amend the Company's Articles of Association; and approval of the proposal to authorize the Board of Directors to issue shares of the Company.

## June

- On June 8, the Company held the tenth meeting of the Second Term of the Board of Directors in Beijing. The following resolutions were passed in the meeting: resolution on the acquisition of additional interest in Newco; resolution on the transfer of shares in PTRI by the Company to Newco; resolution on the establishment of an independent directors' committee and the appointment of an independent financial adviser by the Company in connection with the acquisition of additional interest in Newco by the Company and the selling of assets in Indonesia to Newco by the Company; resolution on the new continuing connected transactions under the Supplemental Agreement to the Comprehensive Products and Services Agreement and the caps for continuing connected transactions in 2005; resolution on requesting the shareholders' general meeting to authorise the Board of Directors to handle matters pertaining to the acquisition of additional interest

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in Newco and the transfer of interest in PTRI to Newco; resolution on the convening of the first extraordinary general meeting of the shareholders; resolution on the preparation of explanation on the Organization and Working Rules for the Audit Committee; resolution on the establishment of an independent directors' committee and the appointment of an independent financial adviser in connection with the approval of cap in respect of continuing connected transactions for 2006 to 2008.

- On June 10, the Company announced that it will acquire the relevant overseas assets of CNPC, its parent company, for a consideration of RMB20,741 million for the purposes of achieving a speedy establishment of sizeable overseas businesses, expanding the room for growth of overseas oil and gas resources, creating a potential for the continuous growth of overseas oil and gas resources for the Company and improving the value of the Company. Pursuant to the Acquisition Agreement, the Company will inject capital into Newco by way of cash which would result in the acquisition of 50% of the latter's interest. Upon completion of the acquisition, the Company will correspondingly own oil and gas assets of Newco in ten countries, including Kazakhstan, Venezuela, Algeria, Peru, Aman, Azabaijan, Canada, Ecuador, Niger and Chad.

At the same time, in order to consolidate the existing overseas businesses of the Company and to achieve synergy with the overseas assets to be acquired by the Company, the Company will transfer PTRI, a wholly-owned subsidiary of the Company, to Newco. PTRI mainly engages in the exploration and production of oil and gas in Indonesia. Newco will pay RMB579 million to the Company as consideration for the purchase of all the issued share capital of PTRI. Upon the transfer, PTRI will become a wholly-owned subsidiary of Newco.

- On June 21, the Company convened the first extraordinary Board meeting. The resolution on the approval and authorisation of the Secretary of the Board of Directors to sign the 20-F Annual Report for the year 2004 was passed by circulation.

## July

- On July 18, the Company convened the second extraordinary Board meeting. The resolution on the integration of the polymer businesses of Petrochina Daqing Refinery and Petrochemical Branch and Daqing Petroleum Administration Bureau was passed by circulation.



## August

- On August 1, approximately 1,000 petrol stations of the Company in Beijing, Tianjin, Shanghai, Shenyang, Changchun, Jinan, Guangzhou, Chengdu, Xian, Urumqi, Chongqing and Suzhou began to accept payment by credit cards. At the same time, the Peony-Petrochina Card, launched by the Company in co-operation with the Industrial and Commercial Bank of China, was formally issued in these cities.
- On August 16, the Company convened the first extraordinary general meeting of shareholders in Beijing. The following resolutions were passed in the meeting: approval of the acquisition of additional interest in Newco by the Company; approval of the transfer of shares in PTRI by the Company to Newco; approval of the new continuing connected transaction under the Supplement Agreement to the Comprehensive Products and Services Agreement and the caps for the continuing connected transactions in 2005; approval of the proposal to request the general meeting of shareholders to authorise the Board of Directors to handle the matters pertaining to the acquisition of additional interest in Newco and the transfer of shares in PTRI to Newco and the revised caps for continuing connected transactions.
- On August 21, the Company convened the third extraordinary Board meeting. The resolution on the Company's application for issue and listing of additional shares outside China for investment by foreign investors and authorizing the special committees of the Board of Directors to handle related matters was passed by circulation.
- On August 24, the Company convened the eleventh meeting of the Second Term of the Board of Directors. The following resolutions were passed in the meeting: resolution on the Interim Financial Statements for the year 2005 (including the interim results for the six months ended June 30, 2005); resolution on the plan for distribution of interim dividends of the Company for the year 2005; resolution on the adjustment of the investment plan of the Company for the year 2005; resolution on the making of an application to the HKSE for new continuing connected transactions and new caps; and resolution on the convening of the second extraordinary general meeting of shareholders.

## September

- On September 15, the Company placed 3,516,482,000 H shares of RMB1.00 each in the share capital of the Company, of which 287,712,182 shares were placed to the Social Security Fund, and 31,968,000 H shares were sold by the Social Security Fund pursuant to the exercise in full of

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the option by the Manager. The placement price of the H shares was HK\$6.00 per share. The net proceeds of the placement of the new H shares amounted to approximately HK\$19,692 million. The net proceeds will be used for development of the Company's business, including acquisition within and outside of China. Upon the completion of the placement of shares, the total number of issued shares of the Company increased from 175,824,176,000 shares to 179,020,977,818 shares. The number of H shares held by the public increased from 17,582,418,000 shares to 21,098,900,000 shares, representing 11.79% of the total share capital.

- On September 28, Forbes published the "50 Biggest Listed Companies in the Asia Pacific Region". Among the 50 companies, Toyota of Japan has the largest market capitalization (US\$146.2 billion), followed by the Company (US\$143.9 billion), BHP-Billiton (US\$93.3 billion), China Mobile (US\$85.3 billion) and Samsung Electronic (US\$77.0 billion).

## October

- On October 24, six companies in China and three companies in Hong Kong, China were chosen as "Asia's Best Performing Public Listed Companies" organised by Business Week. The Company ranked second on the list.
- On October 26, the Company convened the fourth extraordinary Board meeting. The resolution on the Company's application for the integration of its listed subsidiaries by way of general offer and authorizing the special committees of the Board of Directors to handle related matters was passed by circulation.
- On October 31, the Company made an announcement for the tender offers for all outstanding shares in Jinzhou Petrochemical, Liaohe Jinma and Jilin Chemical in order to withdraw the listing of such shares. The general offer will further increase the transparency of the Company, resolve the issue of internal competition within the Group, regulate connected transactions and improve the Company's efficiency. The offer price for the A shares in Jinzhou Petrochemical was RMB4.25 per share. The offer price for the A shares in Liaohe Jinma was RMB8.80 per share. The offer prices for the A shares, H shares and ADSs of Jilin Chemical were RMB5.25 per share, HK\$2.80 per share and HK\$280.00 per ADSs respectively.

The general offer was completed successfully. On January 4, 2006, the A shares in Jinzhou Petrochemical and the A shares in Liaohe Jinma ceased to be listed on the Shenzhen Stock Exchange. On January 23, 2006, the H shares of Jilin Chemical ceased to be listed on the HKSE.



On February 15, 2006, ADSs of Jilin Chemical ceased to be listed on the New York Stock Exchange and on February 20, 2006, the A shares of Jilin Chemical ceased to be listed on the Shenzhen Stock Exchange.

## November

- On November 1, the Company won the “Best Investor Relations Award” for Chinese companies listed in Hong Kong, China regarding the investors’ relations of the Hong Kong and Taiwan companies organised by the Investors’ Relations Magazine.
- On November 8, the Company convened the second extraordinary general meeting of shareholders. The following resolutions were passed in the meeting: approval of the election of the Company’s Directors; approval of the election of the Company’s Supervisors; and approval of the Company’s application to the HKSE for new continuing connected transactions and new caps for 2006 to 2008.
- On November 10, the Company entered into a US\$10 million Directors and Officer’s Liability insurance contract with AIU Insurance Company, Guangzhou Branch. The insurance contract became effective immediately upon signing. This is an important protective measure for the purpose of eliminating effectively any personal financial risk and legal risk that may be assumed by the Directors and senior management staff of the Company in the performance of their duties.
- On November 13, an explosion broke out in Jilin Petrochina Benzene Production Plant. The incident caused serious personal injuries and deaths, loss of property and water pollution of the Song Huajiang. The Company dispatched an operation team and a specialist team to the site immediately after the incident. The Company also activated the contingency plan to minimize the loss and the number of injuries and deaths. At the same time with the handling of the incident, the Company quickly organized a large-scale inspection of safety standards in production, focusing on “anti-breach of rules, inspection of hidden risks and procurement of rectification”, and put into effect various measures for safety in production in winter. The Company has learned a lesson from the incident and has strengthened its efforts at ensuring safety in production and environmental protection.
- On November 28, the Company convened the first meeting of the Third Term of the Board of Directors in Beijing. The following resolutions were passed in the meeting: resolution on the Company’s budget for the year 2006; resolution on the production and operation and the

investment plan of the Company for the year 2006; resolution on the appointment of the Senior Vice Presidents, the Financial Controller and the Vice Presidents nominated by the President; resolution on the establishment of the Information Management Division and the Internal Control Division of the Company; resolution on the modification of the standards of basic remuneration and annual performance remuneration for the President's Work Team; and resolution on the Company's proposed application for the acquisition of the shares in the Fuel Oil Company held by Liaohe Petroleum Exploration Bureau and China Oil Natural Gas Pipeline Bureau and related matters.

## December

- On December 6, the Company entered into two acquisition agreements with two wholly owned subsidiaries of CNPC, Liaohe Petroleum Exploration Bureau and China Petroleum Pipeline Bureau, for the acquisition of shares representing 15.56% and 20.17% respectively from them in the Fuel Oil Company, a 55.43% subsidiary of the Company, for an aggregate cash consideration of RMB559 million. The Fuel Oil Company is principally engaged in the investment and development of fuel oil in the upstream and downstream areas in China. Upon completion of the acquisitions, the Company's interest in the Fuel Oil Company will be increased and it is expected that the Company's management in the Fuel Oil Company will be strengthened.
- On December 7, the world famous energy information company Platts published the "Top 250 Global Energy Companies for 2005". The Company and Sinopec ranked 7<sup>th</sup> and 12<sup>th</sup> respectively among those companies.