



## Message from the Chairman

As we are confronted with pressing challenges stemming from the growing contradiction between energy demand and environmental protection, we are in need of the transformation to green energies now more than ever. Natural gas, as a high-quality and high-efficiency clean energy, is playing an increasingly important role. Since coal may remain dominant in China's energy mix in the short term, large-scale development of natural gas has become the most realistic way to achieve sustainable development. Since the start of the 21st century, backed by the national energy strategy, China's gas industry has been going through rapid development. With annual gas consumption rising at a more than double-digit growth rate, and the percentage of gas in primary energy consumption increasing from 2.5% in 2004 to 5.9% in 2013, we've seen rapid progress in domestic gas exploration & development and gas pipeline construction, as well as in imports and utilization of natural gas from overseas.

As the largest gas supplier in China, CNPC accelerates the development of natural gas as a strategic, growth-oriented and value-added project. We introduce overseas resources while developing domestic gas fields in a scientific and efficient manner, and boost the construction of gas pipelines and relevant facilities. We

also put emphasis on the development and utilization of coal-bed methane, shale gas and other unconventional gases, and continue to secure safe and reliable gas supply with flexible scheduling and peak shaving capacities. In China, we have built four gas provinces in Xinjiang, Changqing, Sichuan and Qinghai. Our gas production in 2013 reached 88.8 billion cubic meters, accounting for 75% of China's total. With a nationwide gas pipeline network including the West-East Gas Pipelines, Shaan-Jing Gas Pipelines, Zhongxian-Wuhan Pipeline and Sebei-Xining-Lanzhou Pipeline in place, we ensure steady gas delivery from the producing areas to the target markets, meeting demand for clean energy across the country, promoting local economic growth, and improving the environment and people's quality of life.

The West-East Gas Pipeline Project ushered in the era of natural gas in China. On July 4, 2002, construction of the First West-East Gas Pipeline was kicked off. Over the decade, we have completed and put into operation the First & Second West-East Gas Pipelines, and the Central Asia-China Gas Pipeline. The Third West-East Gas Pipeline under construction will be put into operation in 2016. By that time, a huge gas pipeline network dominated by the First, Second and Third West-East Gas Pipelines will take shape, with a total length of more than 20,000 meters, and annual gas delivery capacity of 77 billion cubic meters. In the Third West-East Gas Pipeline project, we cooperated with public and private capital for mutual benefits and common

development. During the construction of the pipelines, we strictly controlled project quality, minimized the impact on the environment and communities, and protected the ecological environment and cultural relics along the lines.

The 21st century is the golden age of natural gas. We are on a journey toward the "Chinese Dream" through developing clean energy. Upholding the mission of "Caring for Energy, Caring for You", we will strive to provide abundant energy to build a "beautiful China", and make new and greater contributions to the country's socioeconomic development.



Zhou Jiping, Chairman