PetroChina Company Limited

CNPC Building, 9 Dongzhimen North Street,
Dongcheng District, Beijing, 100007, P. R. Chin
Http: //www.petrochina.com.cn

Sir David Tweedie
International Accounting Standards Board (the Board)
30 Cannon Street
London EC4M 6XH
United Kingdom

29 September 2009

Dear Sir David,

Exposure Draft: Improvements to IFRSs (ED/2009/11) – IFRS 1 *First-time Adoption of International Financial Reporting Standards*

We are privileged to respond to your invitation to comment on the above Exposure Draft, published in August 2009.

We continue to support the broad objective of granting an exemption for certain preparers to use a revaluation basis as "deemed cost" when events such as restructuring / privatisation for initial public offering (IPO) trigger the revaluation that occurred after the date of transition to IFRSs but during the periods covered by the preparers' first set of IFRS financial statements.

We set out, in the Appendix to this letter, our comments in relation to the proposed amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1).

We appreciate the Board's efforts to continue finalise the Exposure Draft and eventually published it.

Kindly contact Mr Hu Jian Zhong, PetroChina Company Limited, Finance Department at +86 10 5998 6155, email: hujzh@petrochina.com.cn
in relation to any questions you may have on the contents of this letter.

Yours sincerely

Mr Zhou Ming Chun
Chief Financial Officer
PetroChina Company Limited

Question 1

Do you agree with the Board’s proposal to amend the IFRS as described in the exposure draft? If not, why and what alternative do you propose?

Our views
The proposed amendments to IFRS 1 paragraph D8 allow an existing IFRS entity (i.e. an entity that had applied IFRS in an earlier period) to elect to measure some or all of its assets and liabilities using deemed costs as of an event-driven fair value measurement or revaluation date (deemed cost exemption or exemption), when such revaluation is after the entity’s date of transition to IFRS.

The Board has elected to address the applicability of the “deemed cost exemption” through the proposed amendments to the current IFRS 1 (issued in June 2003). For reasons further set out below and following the spirit of the amendment, we understand the proposed exemption is equally available to entities whose restructuring / privatisation or IPO took place before IFRS 1 was issued.

We are proposing to the Board to allow entities (whose restructuring / privatisation or IPO took place before IFRS 1 was issued) to apply the proposed exemption by analogy. We believe that the application of the proposed exemption by analogy is conceptually consistent with the Board's stated intent of revising IFRS 1, i.e. the Board's reasons for granting the proposed exemption in paragraph D8 were equally valid for revaluations that occurred after the date of transition to IFRSs (but during the periods covered by the first IFRS financial statements) as for those whose revaluations that occurred before the date of transition to IFRSs.

We believe the timing of an existing IFRS entity’s restructuring / privatisation or IPO should not be a determinant in deciding whether or not the proposed exemption should be available to that entity.

In addition to impairing comparability of financial statements across entities, entities who do not qualify for the proposed exemption (due to reasons the aforementioned reasons) will continue to incur significant ongoing costs and efforts in maintaining two sets of books on a revaluation basis and deemed cost basis as well as be burdened with substantive resources in performing periodic revaluations. This is an undue penalty to such entities.

Question 2

Do you agree with the proposed transition provisions and effective date for the issue as described in the exposure draft? If not, why and what alternative do you propose?

Our views

The proposed transition provisions and effective date as set out in paragraph 39B allow an existing IFRS entity (i.e. an entity that had applied IFRS in an earlier period) to apply the amendment to paragraph D8 in the first annual period after the amendment is effective as if the amendment had been available in that earlier period.

This will allow such an entity to elect to measure an item of property, plant and equipment using deemed cost as of an event-driven fair value measurement date, provided in so far the restructuring / privatisation or IPO of the entity took place before June 2003 when IFRS 1 was issued.

However, consistent with our views and reasons in relation to Question 1, we hope that the Board will explicitly confirm that the exemption equally available to existing IFRS entities whose restructuring / privatisation or IPO occurred before IFRS 1 was issued in June 2003 or otherwise allow its application by analogy.