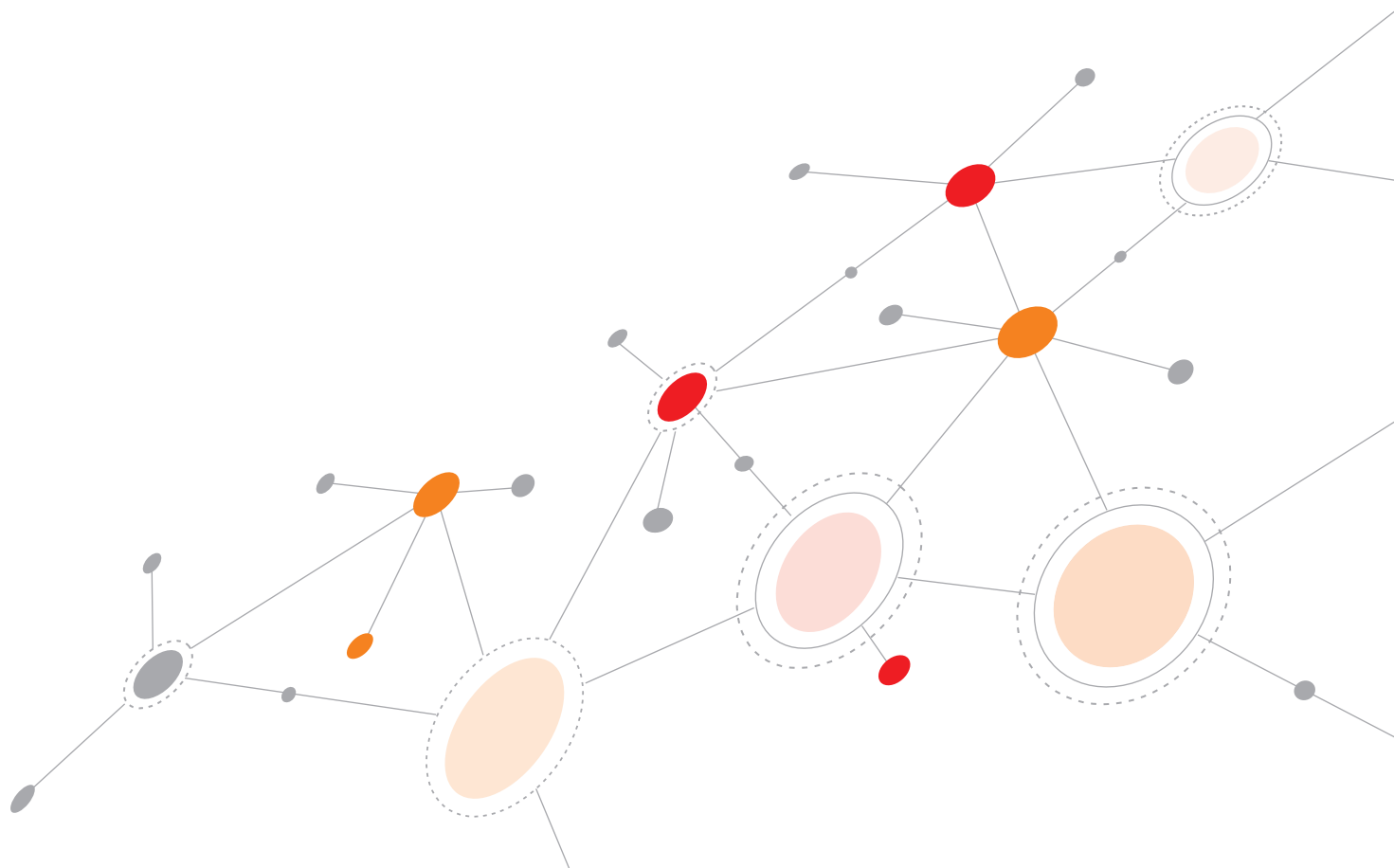




# 2025 ANNUAL REPORT

PETROCHINA COMPANY LIMITED



# PetroChina

The image features the PetroChina logo, which consists of the word "PetroChina" in a stylized, italicized font. The letters are white with a red outline and a subtle red glow. The logo is centered horizontally and positioned in the middle of the page. The background is a white-to-orange gradient with a repeating geometric pattern of triangles and diamonds. The pattern is more prominent in the lower half of the image, where the triangles are larger and more densely packed, and fades out towards the top.

*PetroChina*

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## IMPORTANT NOTICE

The board of directors (the “Board” or “Board of Directors”) of PetroChina Company Limited (the “Company”) and the Directors and senior management of the Company warrant the truthfulness, accuracy and completeness of the information contained in this annual report and that there are no misrepresentation, or misleading statements contained in, or material omissions from this annual report, and jointly and severally accept full responsibility thereof.

This annual report has been approved at the seventeenth meeting of the ninth session of the Board. Except that Mr. Zhou Xinhuai, the vice chairman of the Company and non-executive Director, Mr. Xie Jun, a non-executive Director and Mr. Zhang Daowei, an executive Director were absent from the meeting due to work arrangement, other members of the Board have attended the seventeenth meeting of the ninth session of the Board. Mr. Zhou Xinhuai, Mr. Xie Jun and Mr. Zhang Daowei have respectively authorized Mr. Ren Lixin, Mr. Zhou Song and Mr. Song Dayong in writing to attend the meeting and exercise the voting rights on their behalf. Mr. Dai Houliang, Chairman of the Company, Mr. Ren Lixin, Director and President of the Company, and Mr. Wang Hua, Chief Financial Officer of the Company, warrant the truthfulness, accuracy and completeness of the financial statements in this annual report. No substantial shareholder of the Company has utilized the funds of the Company for non-operating purposes.

The financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with China Accounting Standards (“CAS”) and IFRS Accounting Standards, respectively. The financial statements of the Group for 2025, which have been prepared in accordance with CAS and IFRS Accounting Standards, have been audited by KPMG Huazhen LLP and KPMG, respectively, and both firms have issued unqualified opinions on the financial statements.

In overall view of the operating results, financial position and cash flows, to procure return for the shareholders, the seventeenth meeting of the ninth session of the Board recommends a final cash dividend of RMB0.25 (inclusive of applicable tax) per share for 2025 to all shareholders, based on the total share capital of the Company as of December 31, 2025, namely 183,020,977,818 shares. The total amount of the cash dividend reaches approximately RMB45.755 billion. The proposed final dividends are subject to shareholders’ review and approval at the 2025 annual general meeting.

This annual report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their names, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group’s current views with respect to future events and are not a guarantee of future performance. Actual results may differ from information contained in the forward-looking statements.

## CORPORATE PROFILE

The Company was established as a joint stock company with limited liability under the Company Law (the “Company Law”) of the People’s Republic of China (the “PRC” or “China”) on November 5, 1999 as part of the restructuring of China National Petroleum Corporation (its Chinese name 中國石油天然氣集團公司 which was changed to 中國石油天然氣集團有限公司, abbreviated as “CNPC” before and after the change of name).

The Group is the largest oil and gas producer and seller occupying a leading position in the oil and gas industry in the PRC and one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world. The Group principally engages in, among other things, the exploration, development, production, transportation and marketing of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products, and new materials business; the marketing of refined products and non-oil products and trading business; and the transportation and sale of natural gas business.

The H shares and A shares of the Company were listed on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and Shanghai Stock Exchange on April 7, 2000 and November 5, 2007, respectively.

Registered Chinese Name of the Company:	中國石油天然氣股份有限公司
English Name of the Company:	PetroChina Company Limited
Legal Representative of the Company:	Dai Houliang
Secretary to the Board:	Wang Hua
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	956100
Facsimile:	86(10) 6209 9557
Email Address:	ir@petrochina.com.cn
Representative on Securities Matters:	Liang Gang
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	956100-8

Facsimile:	86(10) 6209 9557
Email Address:	ir@petrochina.com.cn
Chief Representative of the Hong Kong Representative Office:	Zhang Lei
Address:	Suite 3705, Tower 2, Lippo Center 89 Queensway, Hong Kong, PRC
Telephone:	(852) 2899 2010
Facsimile:	(852) 2899 2390
Email Address:	hko@petrochina.com.hk
Legal Address of the Company:	16 Andelu Dongcheng District Beijing, PRC
Postal Code:	100011
Principal Place of Business:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Postal Code:	100007
Registered Address of the Company:	16 Andelu Dongcheng District Beijing, PRC
Website:	<a href="http://www.petrochina.com.cn">http://www.petrochina.com.cn</a>
Company's Email Address:	ir@petrochina.com.cn
Newspapers for Information Disclosure:	A shares: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website publishing this annual report designated by the China Securities Regulatory Commission:	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Copies of this annual report are available at:	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC
Places of Listing:	
A shares:	Shanghai Stock Exchange
Stock Name:	PetroChina
Stock Code:	601857
H shares:	Hong Kong Stock Exchange
Stock Name:	PETROCHINA
Stock Code:	857

Other relevant information:

Names and Addresses of Auditors of the Company:

Domestic Auditors:

Name: KPMG Huazhen LLP  
Address: 8th Floor, KPMG Tower,  
Oriental Plaza  
1 East Chang An Avenue  
Beijing, PRC

Signing accountants: Duan Yuhua, CPA  
Zou Jun, CPA

Overseas Auditors:

Name: KPMG  
Public Interest Entity Auditor registered in accordance  
with the Accounting and Financial Reporting Council  
Ordinance  
Address: 8th Floor, Prince's Building  
10 Chater Road, Central, Hong Kong

## SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

### 1. Key Financial Data Prepared under IFRS Accounting Standards

Unit: RMB millions

Items	As of or for the year ended December 31				
	2025	2024	2023	2022	2021
Revenue	2,864,469	2,937,981	3,012,812	3,240,951	2,615,967
Profit from operations	219,241	233,954	235,862	216,888	161,241
Profit before income tax expense	226,165	241,508	237,881	213,517	158,308
Income tax expense	(54,144)	(57,753)	(57,318)	(50,024)	(43,650)
Net Profit	172,021	183,755	180,563	163,493	114,658
Attributable to:					
Owners of the Company	157,318	164,684	161,416	148,888	92,129
Non-controlling interest	14,703	19,071	19,147	14,605	22,529
Basic and diluted earnings per share attributable to owners of the Company (RMB) <sup>(1)</sup>	0.86	0.90	0.88	0.81	0.50
Total current assets	595,297	590,844	663,098	618,098	484,281
Total non-current assets	2,232,480	2,161,907	2,095,877	2,058,747	2,024,481
Total assets	2,827,777	2,752,751	2,758,975	2,676,845	2,508,762
Total current liabilities	538,800	637,317	690,597	625,774	519,503
Total non-current liabilities	489,653	405,811	433,082	511,990	578,678
Total liabilities	1,028,453	1,043,128	1,123,679	1,137,764	1,098,181
Equity					
Attributable to:					
Owners of the Company	1,585,837	1,515,132	1,451,086	1,370,532	1,265,253
Non-controlling interest	213,487	194,491	184,210	168,549	145,328
Total equity	1,799,324	1,709,623	1,635,296	1,539,081	1,410,581
Other financial data					
Capital expenditures	269,089	275,849	275,393	274,494	251,323
Net cash flows from operating activities	412,510	406,532	456,847	393,246	341,424
Net cash flows used for investing activities	(265,705)	(307,347)	(255,750)	(232,447)	(212,972)
Net cash flows used for financing activities	(111,335)	(178,876)	(146,862)	(113,715)	(107,986)
Return on net assets (%)	9.9	10.9	11.1	10.9	7.3

Note: (1) As of December 31, 2021, 2022, 2023, 2024, and 2025 respectively, basic and diluted earnings per share were calculated by dividing the net profit attributable to the owners of the Company with the number of issued shares of 183,021 million for each of these financial years.

## 2. Key Financial Data Prepared under CAS

### (1) Key financial data and financial indicators

Unit: RMB millions

Items	Unit: RMB millions			
	For the year 2025	For the year 2024	Changes from the preceding year to this year (%)	For the year 2023
Operating income	2,864,469	2,937,981	(2.5)	3,012,812
Operating profit	234,579	255,286	(8.1)	253,522
Net profit attributable to shareholders of the Company	157,302	164,676	(4.5)	161,414
Net profit after deducting non-recurring profit/ loss items attributable to shareholders of the Company	161,671	173,287	(6.7)	187,389
Net cash flows from operating activities	412,510	406,532	1.5	456,847
Weighted average returns on net assets (%)	10.1	11.1	(1.0) percentage point	11.4
Total share capital at the end of the period (hundred million shares)	1,830.21	1,830.21	0.0	1,830.21
Basic earnings per share (RMB)	0.86	0.90	(4.5)	0.88
Diluted earnings per share (RMB)	0.86	0.90	(4.5)	0.88
Items	Unit: RMB millions			
	As of the end of 2025	As of the end of 2024	Changes from the end of the preceding year to the end of this year (%)	As of the end of 2023
Total assets	2,828,017	2,753,007	2.7	2,759,237
Equity attributable to owners of the Company	1,586,061	1,515,371	4.7	1,451,333

### (2) Key financial indicators by quarter

Unit: RMB millions

Items	Unit: RMB millions			
	First Quarter 2025	Second Quarter 2025	Third Quarter 2025	Fourth Quarter 2025
Operating income	753,108	696,991	719,157	695,213
Net profit attributable to shareholders of the Company	46,807	37,186	42,286	31,023
Net profit after deducting non-recurring profit/loss items attributable to shareholders of the Company	46,562	37,554	42,758	34,797
Net cash flows generated from operating activities	139,436	87,627	116,037	69,410

## (3) Non-recurring profit/loss items

Unit: RMB millions	
<b>Non-recurring profit/loss items</b>	<b>For the year 2025</b>
Net losses on disposal of non-current assets	(8,632)
Government grants recognized in the income statement	1,687
Net losses arising from financial assets and financial liabilities not relating to the ordinary course of activities	1,514
Reversal of provisions for bad debts against receivables	55
Other non-operating income and expenses	(60)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	385
Subtotal	(5,051)
Tax impact	766
Impact of non-controlling interests	(84)
Total	(4,369)

## (4) Items to which fair value measurement is applied

Unit: RMB millions				
<b>Items</b>	<b>Balance at the beginning of the Reporting Period</b>	<b>Balance at the end of the Reporting Period</b>	<b>Changes in the Reporting Period</b>	<b>Loss from changes in fair value of the Reporting Period</b>
Investments recognized in other equity instruments	707	1,324	617	-
Accounts receivables	8,868	1,864	(7,004)	-
Financial assets held for trading	2,816	6,175	3,359	962
Financial liabilities held for trading	3,808	4,152	344	-
Derivative financial assets	1,969	3,902	1,933	5,051

### 3. Differences between CAS and IFRS Accounting Standards

The Group's consolidated net profit for the year under IFRS Accounting Standards and CAS were RMB172,021 million and RMB172,005 million, respectively, with a difference of RMB16 million; the consolidated shareholders' equity for the year under IFRS Accounting Standards and CAS were RMB1,799,324 million and RMB1,799,548 million, respectively, with a difference of RMB224 million. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999.

During the restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results on assets other than fixed assets and oil and gas properties were not recognized in the financial statements prepared under IFRS Accounting Standards.

## CHANGES IN SHAREHOLDINGS AND INFORMATION ON SHAREHOLDERS

### 1. Changes in Shareholdings

Unit: Share

	Pre-movement		Increase/decrease (+,-)					Post-movement	
	Numbers of shares	Percentage (%)	New Issue	Bonus Issue	Conversion from Reserves	Others	Sub-total	Numbers of shares	Percentage (%)
Shares without selling restrictions	183,020,977,818	100.00	-	-	-	-	-	183,020,977,818	100.00
1. RMB-denominated ordinary shares	161,922,077,818	88.47	-	-	-	-	-	161,922,077,818	88.47
2. Shares traded in non-RMB currencies and listed domestically	-	-	-	-	-	-	-	-	-
3. Shares listed overseas	21,098,900,000	11.53	-	-	-	-	-	21,098,900,000	11.53
4. Others	-	-	-	-	-	-	-	-	-

### 2. Issue and Listing of Securities

#### (1) Issue of securities for the year ended December 31, 2025 (the "Reporting Period")

During the Reporting Period, there was no issue of shares.

For the issuances of bonds, please refer to the section "Relevant Information on Bonds" of this annual report.

#### (2) Shares held by employees

During the Reporting Period, no shares for employees of the Company were in issue.

### 3. Number of Shareholders and Shareholdings

The total number of shareholders of the Company as of December 31, 2025 was 418,009, consisting of 413,052 holders of A shares and 4,957 registered holders of H shares. The minimum public float requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") and Stock Listing Rules of the Shanghai Stock Exchange (the "SSE Listing Rules") are satisfied.

The total number of shareholders of the Company as of February 28, 2026 was 465,763, consisting of 460,873 holders of A shares and 4,890 registered holders of H shares.

## (1) Shareholdings of the top ten shareholders as of the end of the Reporting Period

Unit: Share

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Number of shares held	Increase and decrease during the Reporting Period (+, -)	Number of shares with selling restrictions	Number of shares pledged, marked or subject to lock-ups
CNPC	State-owned legal person	82.19	150,418,754,093 <sup>(1)</sup>	-504,811,477	0	0
HKSCC Nominees Limited <sup>(2)</sup>	Overseas legal person	11.44	20,939,506,190 <sup>(3)</sup>	+20,341,582	0	0
China Petrochemical Corporation	State-owned legal person	1.00	1,830,210,000	0	0	0
China Securities Finance Corporation Limited	State-owned legal person	0.56	1,020,165,128	0	0	0
Hong Kong Securities Clearing Company Limited <sup>(4)</sup>	Overseas legal person	0.32	589,098,084	-302,341,141	0	0
China Mobile Communications Group Co., Ltd.	State-owned legal person	0.30	541,202,377	+541,202,377	0	0
Guoxin Hongsheng Investment (Beijing) Co., Ltd.	State-owned legal person	0.20	363,319,081	0	0	0
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd.–Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund II	Others	0.12	217,213,578	0	0	0
ICBC–SSE 50 Exchange Traded Open-ended Securities Investment Fund	State-owned legal person	0.11	209,715,964	-3,230,999	0	0
Central Huijin Asset Management Ltd.	State-owned legal person	0.11	201,695,000	0	0	0

Notes: (1) Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Ltd., an overseas wholly-owned subsidiary of CNPC.

(2) HKSCC Nominees Limited is a wholly-owned subsidiary of the Hong Kong Exchanges and Clearing Limited and it acts as a nominee on behalf of other corporate or individual shareholders to hold the H shares of the Company.

(3) 318,614,000 H shares were indirectly held by CNPC through Fairy King Investments Ltd., an overseas wholly-owned subsidiary of CNPC, representing 0.17% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.

(4) Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited and acts as the nominee on behalf of investors of Hong Kong Stock Exchange to hold the A shares of the Company listed on Shanghai Stock Exchange.

## (2) Shareholdings of top ten shareholders of shares without selling restrictions as of the end of the Reporting Period

Unit: Share

Ranking	Name of shareholders	Number of shares held	Types of shares
1	CNPC	150,418,754,093 <sup>(1)</sup>	A Shares
2	HKSCC Nominees Limited	20,939,506,190	H Shares
3	China Petrochemical Corporation	1,830,210,000	A Shares
4	China Securities Finance Corporation Limited	1,020,165,128	A Shares
5	Hong Kong Securities Clearing Company Limited	589,098,084	A Shares
6	China Mobile Communications Group Co., Ltd.	541,202,377	A Shares
7	Guoxin Hongsheng Investment (Beijing) Co., Ltd.	363,319,081	A Shares
8	Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd.–Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund II	217,213,578	A Shares
9	ICBC–SSE 50 Exchange Traded Open-ended Securities Investment Fund	209,715,964	A Shares
10	Central Huijin Asset Management Ltd.	201,695,000	A Shares

Note: (1) Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Ltd., an overseas wholly-owned subsidiary of CNPC, which H shares were held in the name of HKSCC Nominees Limited.

Description on the special repurchase accounts under the above-mentioned shareholders: there is no special repurchase account among the above-mentioned shareholders.

Description on the voting rights entrusted by or to, or waived by the above-mentioned shareholders: the Company is not aware of any voting rights entrusted by or to, or waived by the above-mentioned shareholders.

Description on related parties or parties acting in concert among the above-mentioned shareholders: except for the fact that HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited, the Company is not aware of any other connection among or between the above top ten shareholders or that they are parties acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.

Description on participation of margin financing and securities lending and refinancing business by the above-mentioned shareholders during the Reporting Period: the above-mentioned shareholders did not participate in margin financing and securities lending business during the Reporting Period.

Participation of lending of shares under refinancing business by top ten shareholders

Applicable  Not Applicable

Changes in the top ten shareholders from the previous period due to the shares lent/returned under refinancing business

Applicable  Not Applicable

### (3) Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

As of December 31, 2025, so far as the Directors are aware, persons other than a Director or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are disclosable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance are as follows:

Name of shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
CNPC	A Shares	150,418,754,093 (L)	Beneficial Owner	92.90	82.19
	H Shares	318,614,000 (L) <sup>(1)</sup>	Interest of Corporation Controlled by the Substantial Shareholder	1.51	0.17
JPMorgan Chase & Co. <sup>(2)</sup>		1,146,053,975 (L)	Beneficial Owner / Investment Manager /	5.43	0.63
		194,470,373 (S)	Person Having a Security Interest in Shares /	0.92	0.11
	H Shares	468,022,278 (P)	Approved Lending Agent	2.22	0.26
BlackRock, Inc. <sup>(3)</sup>		1,272,701,036 (L)	Interest of Corporation Controlled by the	6.03	0.70
	H Shares	9,902,000 (S)	Substantial Shareholder	0.05	0.01

(L) Long position (S) Short position (P) Lending pool

Note: (1) 318,614,000 H shares (long position) were held by Fairy King Investments Ltd., an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Ltd.

(2) JPMorgan Chase & Co. through various subsidiaries, had interest in the H shares of the Company, of which 289,831,017 H shares (long position) and 194,470,373 H shares (short position) were held in the capacity as beneficial owner, 381,625,640 H shares (long position) were held in the capacity as investment manager, 6,575,040 H shares (long position) were held in the capacity as person having security interest in shares, and 468,022,278 H shares (long position) were held in the capacity as approved lending agent. These include 141,196,000 underlying shares (long position) and 89,744,000 underlying shares (short position) through its holding of certain listed derivatives (physically settled), 640,000 underlying shares (long position) and 228,400 underlying shares (short position) through its holding of certain listed derivatives (cash settled), 85,140,018 underlying shares (long position) and 41,188,441 underlying shares (short position) through its holding of unlisted derivatives (physically settled), 5,713,677 underlying shares (long position) and 62,129,531 underlying shares (short position) through its holding of certain unlisted derivatives (cash settled) and 1 underlying share (short position) through its holding of certain listed derivatives (convertible instruments).

(3) BlackRock, Inc., through various subsidiaries, had interest in the H shares of the Company and 1,272,701,036 H shares (long position) and 9,902,000 H shares (short position) were held in the capacity as interest of corporation controlled by the substantial shareholder, including 3,394,000 underlying shares (long position) and 9,902,000 underlying shares (short position) through its holding of certain unlisted derivatives (cash settled).

As of December 31, 2025, so far as the Directors are aware, save as disclosed above, no person (other than a Director or senior management of the Company) had an interest in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

#### 4. Information on Controlling Shareholder and the Ultimate Controller

There was no change in the controlling shareholder or the ultimate controller during the Reporting Period.

##### (1) Controlling shareholder

The controlling shareholder of the Company is CNPC which was established in July 1998. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company (中國石油天然氣總公司). CNPC is also a state-authorized investment corporation and state-owned enterprise. Its legal representative is Mr. Dai Houliang. CNPC is an integrated energy and chemical corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance.

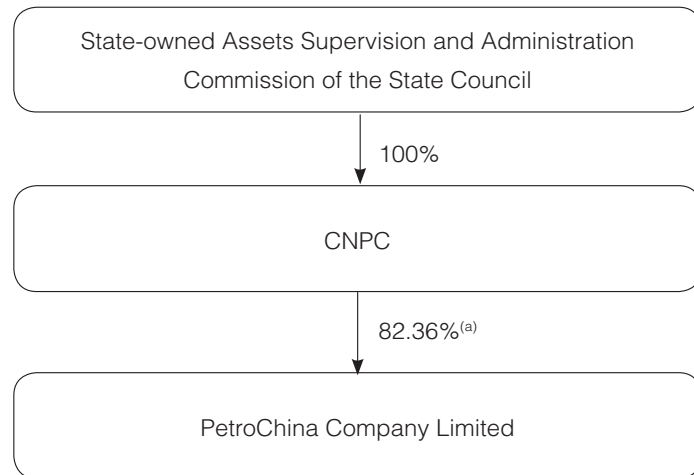
In 2025, CNPC was committed to building itself into a globally first-class integrated energy and chemical corporation with truly international standards. It earnestly observed its requirements for high-quality development, fully implemented its strategies, namely, innovation, resources, markets, internationalization, green and low carbon. CNPC optimized the production and operation, deepened reform and innovation, strengthened risk prevention and control, and further enhanced the quality and profitability. As a result of these efforts, CNPC delivered a steady production and operation under control.

(2) Currently, except for CNPC, no other legal person holds 10% or more of the shares in the Company (excluding HKSCC Nominees Limited).

##### (3) Ultimate controller

State-owned Assets Supervision and Administration Commission of the State Council is the ultimate controller of the Company.

(4) Ownership and controlling relationship between the Company and the ultimate controller



Note: (a) Such figure includes the 318,614,000 H shares held by CNPC through its overseas wholly-owned subsidiary, Fairy King Investments Ltd.



*Dai Houliang* Chairman

## CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to submit to you the annual report of the Company for the year ended December 31, 2025 for your review.

In 2025, the world economy maintained moderate growth and showed relatively strong resilience. The PRC economy maintained a steady and progressive development trend, achieving new results in high-quality development, with a year-on-year increase of 5.0% in the gross domestic product ("GDP"). The international crude oil market remained loose in terms of supply and demand, and the international crude oil prices were high initially but later lowered, showing an overall fluctuating and downward trend. The annual average oil price fell significantly compared with that in the same period of last year, while the average price of natural gas in the international market increased year-on-year. The demand in the domestic refined oil products market generally maintained a weary trend, while the consumption in the natural gas market grew steadily.

The Group adhered to market-oriented and profitability-centered principles, actively analyzed and judged changes in the domestic and international macro-economy as well as the oil and gas and chemical products markets, took effective response measures, and promptly optimized production and operation strategies. The Group vigorously enhanced oil and gas exploration and development, and actively promoted the increase of reserves and output, with oil and gas output steadily increasing. The Group focused on green and intelligent development, continued to promote the transformation and upgrading of refining and chemical businesses to intermediate and high end of the industrial chains such as fine chemicals, new materials, and bio-manufacturing. By closely monitoring market demand, the Group further strengthened its marketing efforts, continuously expanded its market share, and continuously optimized its customer structure. Adhering to the green development concept, the Group actively promoted the rapid development of emerging industries such as new energy, further strengthened safety and environmental protection, actively fulfilled its social responsibilities, and continuously strengthened its corporate governance. In 2025, the average realized crude oil price of the Group was USD64.11 per barrel, representing a decrease of 14.2% as compared with USD74.70 per barrel for last year. The Group achieved revenue of RMB2,864.469 billion, and the profit attributable to owners of the Company was RMB157.318 billion, maintaining a historical high. The Group achieved free cash flows of RMB120.189 billion, representing a year-on-year increase of 15.2%, remaining above RMB100 billion. The structure of assets and liabilities was further optimized, and the financial position remained stable.

In 2026, the global economy is expected to maintain moderate growth, and the monetary policies of major economies tend to be loose, but risks such as trade protectionism and geopolitics bring uncertainties to the operation of the global economy; the supply and demand in the international oil and gas market will be generally loose, but due to the periodic impact brought by geopolitical factors, there will be uncertainty and risks of significant fluctuations in international oil and gas supply and prices. China's economy will maintain a steady and progressive development trend, with an expected annual GDP growth target of 4.5%-5%; domestic demand for refined oil products will continue the trend of declining gasoline and diesel consumption and increasing kerosene consumption, and domestic natural gas market demand will maintain growth.

In the face of new environment, the Group will adhere to market-oriented and profitability-centered principles, vigorously implement the five development strategies of innovation, resources, market, internationalization, green and low-carbon, as well as strategic measures for quality and profitability enhancement and low-cost development. The Group will continuously and deeply promote the increase of oil and gas reserves and output, and the transformation and upgrading of refining and chemicals, further strengthen marketing and customer service, ensure the safe, stable, and profitable operation of the two major industrial chains of oil and gas, and consolidate the foundation of the Company's development; actively promote green and low-carbon transformation, develop new quality productive forces according to local conditions, promote the high-quality and profitable development of emerging industries such as new energy and new materials, and strive to create new drivers for business growth.


In terms of Oil, Gas and New Energy Business, the Group's domestic oil and gas business will promote the implementation of medium- and long-term plans for increasing reserves and output and plans for improving the recovery rate of mature oil and gas fields. Focusing on the four major basins in the central and western regions and the three major directions of marine carbonate rocks, stratigraphic lithology, and foreland formation belts, the Group will strengthen risk

exploration and step-out preliminary prospecting, strive to find large-scale high-quality replacement areas, and discover more highly profitable conventional resources in mature zones; focus on the centralized exploration of oil and gas-rich zones such as the Songliao Basins, central Sichuan, and Junggar, and strive to increase large-scale high-quality reserves; complete and put into production new oil and gas areas such as Sulige in Changqing and Fuman in Tarim, step up the development of shale oil and gas, and improve the development effect of coal-rock gas; actively promote the capacity expansion of gas storages and enhance storage and transit capabilities. The overseas oil and gas business will focus on key directions such as independent exploration, natural gas, and offshore, deeply cultivate “Belt and Road” countries and key resource countries, and actively acquire more high-quality projects; steadily carry out risk exploration in projects such as Suriname, efficiently promote rolling exploration in projects such as Aktobe, promote stable and increased production in projects such as Rumaila and West Qurna, and put projects such as the new Block H in Chad into production according to schedule. The New Energy Business will actively promote the acquisition and conversion of wind and solar power generation quotas, strive for new breakthroughs in the construction of large new energy bases, offshore wind power, and direct connection of green power, and maintain the rapid growth trend of clean energy power generation; optimize the integrated operation of power supply, production, and sales, improve the electrification rate of production operations and the consumption level of green power; improve the development model of the geothermal business; and steadily build a demonstration zone for the entire CCUS industry chain. In 2026, the Group plans to reach a crude oil output of 941.3 million barrels and a marketable natural gas output of 5,470.5 billion cubic feet, with a total oil and natural gas equivalent output of 1,853.4 million barrels.

In terms of Refining, Chemicals and New Materials Business, the Group will optimize resource allocation, coordinate production operations and the construction of new projects, coordinate the workload of production equipment and operating benefits, rationally determine the diesel-to-gasoline ratio and product structure, and increase the production of highly profitable and featured refined products such as high-grade gasoline, aviation kerosene, lubricating oil, and low-sulfur petroleum coke. The Group will create high value-added chemical products such as metallocene and solution-polymerized styrene-butadiene rubber, vigorously develop bio-manufacturing, fine chemicals, and new materials businesses, and strive to develop new products that are marketable. The Group will improve the marketing system for chemical products and featured refined products to further increase sales volume. The construction of new projects will be steadily promoted as planned. In 2026, the Group plans to reach a processing volume of crude oil of 1,377.1 million barrels.

In terms of Marketing Business, the Group's domestic refined oil sales will continue to improve the marketing system, adopt differentiating marketing strategies according to different products such as gasoline, diesel, and kerosene, strive to improve sales volume and profitability, and ensure the smooth operation and value realization of the industrial chain; accelerate the coordinated development of “oil, gas, hydrogen, power, and non-oil products”, expand businesses such as gas refueling, charging and swapping, strengthen the brand construction of the non-oil business and the integrated development of online and offline businesses, and continuously optimize the construction of sales and service terminal networks. The international trading business will closely track changes in the international market, effectively control procurement costs, coordinate resource allocation, enhance market operation capabilities, and promote cost reduction and profit enhancement in the industrial chain.

In terms of Natural Gas Sales Business, the Group will further enhance resource coordination capabilities, improve market-oriented peak-shaving mechanisms, closely monitor key regions, key periods, and key industries to ensure resource allocation, and ensure the profitable and smooth operation of the natural gas industrial chain; implement flexible marketing strategies, vigorously expand high-end and highly profitable markets, actively develop high-quality city gas customers and direct sales customers such as natural gas power generation and industrial users; vigorously develop the terminal sales market; and accelerate the construction of key projects such as the Fujian LNG receiving terminal and outgoing pipelines, and the Jiangsu LNG expansion.



Dai Houliang  
Chairman  
Beijing, the PRC  
March 27, 2026



## BUSINESS REVIEW

### 1. Market Review

#### (1) Crude Oil Market

In 2025, due to the loose supply and demand in the global crude oil market, coupled with frequent geopolitical conflicts and changes in trade patterns, international oil prices decreased as compared with last year. The annual average future price of North Sea Brent crude oil was USD68.19 per barrel, representing a decrease of 14.6% as compared with last year; the annual average future price of U.S. West Texas Intermediate crude oil was USD64.73 per barrel, representing a decrease of 14.6% compared with last year.

Statistics from the National Bureau of Statistics showed that the domestic crude oil production of industrial enterprises above designated scale was 216.05 million tons in 2025, representing an increase of 1.5% as compared with last year.

#### (2) Refined Oil Products Market

In 2025, domestic consumption of refined oil products generally continued its downward trend, among which the consumption of gasoline and diesel declined year-on-year, while the consumption of aviation kerosene maintained growth. The domestic supply of refined oil products slightly contracted, the industry as a whole maintained low-inventory operations, and the supply and demand in the refined oil products market was generally loose. Under the dual effects of policy guidance and market mechanisms, the refined oil products market environment continued to improve.

Statistics from the National Bureau of Statistics showed that in 2025, the domestic crude oil processing volume of industrial enterprise above designated scale was 737.59 million tons, representing an increase of 4.1% as compared with last year. The price trend of domestic refined oil products generally remained consistent with the changes in the international oil prices. The PRC adjusted the domestic prices of gasoline and diesel 19 times in 2025. The prices of gasoline and diesel standard products decreased, in aggregate, by RMB915 per ton and RMB880 per ton, respectively.

#### (3) Chemical Products Market

In 2025, the supply and demand of international chemical products was loose and the chemical products industry remained in a period of low level of the business cycle. Due to weakened cost-side support and concentrated capacity release, domestic chemical product prices continued to fluctuate downward, among which the prices of alkene and synthetic resin products saw the largest declines, while the prices of aromatic hydrocarbons and fertilizer products saw smaller declines.

#### (4) Natural Gas Market

In 2025, the growth rate of global natural gas market demand slowed down, supply grew steadily, and the market shifted from a tight balance to a loose state. Throughout the year, international natural gas prices

generally rose, with trends diverging during the year; gas prices in Europe and Asia showed a characteristic of “rising first and falling later”, while gas prices in the U.S. continued to rise. The growth rate of domestic natural gas consumption declined.

Statistics from the National Bureau of Statistics, the General Administration of Customs, and the National Development and Reform Commission (the “NDRC”)

showed that in 2025, the production of domestic natural gas was 261.9 billion cubic meters, representing an increase of 6.2% as compared with last year; the import volume of natural gas was 127.87 million tons (1 ton approximately equals to 1,380 cubic meters), representing a decrease of 2.8% as compared with last year; and the apparent consumption of natural gas was 426.55 billion cubic meters, representing an increase of 0.1% as compared with last year.



## 2. Business Review

### (1) Oil, Gas and New Energy

#### Domestic Oil and Gas

The Group vigorously implemented efficient exploration and high-profitability development, actively promoted the virtuous cycle of increasing reserves and output. Oil and gas exploration achieved multiple major breakthroughs and important discoveries in the Sichuan Basins, Junggar Basins, Qaidam Basins, Ordos Basins, and Songliao Basins. The Group deeply tapped the potential of mature oil and gas fields, strived to improve the recovery rate, efficiently promoted the construction of key capacity projects such as Fuman in Tarim Basins and Tianfu tight gas in Sichuan, and completed the construction of two national-level shale oil demonstration zones in Jimsar and Daqing Gulong, as well as the Qingcheng production base. Oil and gas output hit a historical record high again, among which the output of shale oil and shale gas increased significantly. In 2025, the domestic oil and gas business achieved a crude oil output of 780.3 million barrels, representing an increase of 0.4% as compared with 777.0 million barrels for last year; the marketable natural gas output of 5,201.2 billion cubic feet, representing an increase of 4.9% as compared with 4,956.8 billion cubic feet for last year; and the oil and natural gas equivalent output of 1,647.2 million barrels, representing an increase of 2.7% as compared with 1,603.2 million barrels for last year.

#### Overseas Oil and Gas

The Group strengthened the operation and management of existing overseas oil and gas projects to achieve stable operation and profitable development; continuously optimized the overseas oil and gas asset structure, and completed the second contract extension of the Oman Block 5 project. In 2025, the crude oil output from overseas oil and gas business amounted to

167.7 million barrels, representing an increase of 1.8% as compared with 164.8 million barrels for last year; the output of marketable natural gas amounted to 162.0 billion cubic feet, representing a decrease of 8.5% as compared with 177.0 billion cubic feet for last year, and the oil and natural gas equivalent output was 194.7 million barrels, representing an increase of 0.3% as compared with 194.2 million barrels for last year, accounting for 10.6% of the oil and natural gas equivalent output of the Group.

The Group's crude oil output amounted to 948.0 million barrels, representing an increase of 0.7% as compared with 941.8 million barrels for last year; the marketable natural gas output reached 5,363.2 billion cubic feet, representing an increase of 4.5% as compared with 5,133.8 billion cubic feet for last year; the oil and natural gas equivalent output amounted to 1,841.9 million barrels, representing an increase of 2.5% as compared with 1,797.4 million barrels for last year. As of the end of the Reporting Period, the total area to which the Group had exploration and mining rights for oil and natural gas (including coalbed methane) amounted to 237.9 million acres, among which the area the Company has exploration rights was 194.0 million acres and the area the Company has mining rights was 43.9 million acres; the net number of wells in the process of being drilled was 402. The number of multiple completion wells completed during the Reporting Period was 6,602.

#### New Energy

The Group continued to vigorously develop wind and solar power generation projects. The 1.3-million-kilowatt Tarim Shangku Photovoltaic Project was connected to the power grid. Projects such as Altay wind and solar power generation and Yumen Hongliuquan wind power were basically completed. The construction of million-kilowatt power generation projects in Haixi, Qinghai, and Shanshan, Tuha, were accelerated. The Group invested in State Grid Xin Yuan Holdings Co., Ltd. to actively lay out the pumped storage business; steadily developed

the geothermal heating business; and actively expanded the carbon capture, utilization and storage (“CCUS”) business. The carbon capture projects of North China Petrochemical Company and Liaohe Petrochemical Company were completed and put into operation, and the million-ton carbon dioxide transmission pipeline between Jilin Petrochemical Company and Jilin Oilfield Company commenced construction. In 2025, the Group obtained wind and solar power generation quotas exceeding 20

million kilowatts, with a wind and solar power generation volume of 7.93 billion kilowatt-hours, representing an increase of 68.0% compared with last year. The newly signed geothermal heating contract area exceeded 100 million square meters, and the newly added geothermal heating area exceeded 22 million square meters. The volume of carbon dioxide utilized reached 2.664 million tons, representing a year-on-year increase of 40.3%.

#### Key Figures for the Oil, Gas and New Energy Segment

	Unit	2025	2024	Year-on-year change (%)
Crude oil output <sup>(a)</sup>	Million barrels	948.0	941.8	0.7
of which: domestic	Million barrels	780.3	777.0	0.4
overseas	Million barrels	167.7	164.8	1.8
Marketable natural gas output <sup>(a)</sup>	Billion cubic feet	5,363.2	5,133.8	4.5
of which: domestic	Billion cubic feet	5,201.2	4,956.8	4.9
overseas	Billion cubic feet	162.0	177.0	(8.5)
Oil and natural gas equivalent output	Million barrels	1,841.9	1,797.4	2.5
of which: domestic	Million barrels	1,647.2	1,603.2	2.7
overseas	Million barrels	194.7	194.2	0.3
Energy output from wind and solar power plants	100 million kilowatt-hours	79.3	47.2	68.0
Proved reserves of crude oil	Million barrels	6,049	6,183	(2.2)
Proved reserves of natural gas	Billion cubic feet	73,121	72,814	0.4
Proved developed reserves of crude oil	Million barrels	4,644	4,991	(6.9)
Proved developed reserves of natural gas	Billion cubic feet	41,396	41,588	(0.5)

(a) Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels and 1 cubic meter of natural gas = 35.315 cubic feet.

#### (2) Refining, Chemicals and New Materials

The Group continued to promote the transformation and upgrading and structural adjustment of the refining and chemical business, pushing the refining and chemical business towards the intermediate and high end of the industrial chain. Both ethylene projects of Jilin Petrochemical Company and Guangxi Petrochemical Company were completed and put into production, with ethylene production capacity exceeding 10 million tons/

year for the first time. The Group continuously optimized production operations and product structure according to market demand, strived to increase the proportion of high value-added products, and deepened the implementation of the reduction of refined oil products and increase of chemical products (減油增化) and the reduction of traditional refined oil products and increase of featured refined products (減油增特) with remarkable results. The



Group coordinated customer resources, strengthened channel construction and the marketing efforts of chemical products and featured refined products, and strived to increase sales volume and market share. The sales volume of chemical products maintained rapid growth, and the market shares of products such as paraffin, bonded marine fuel oil, and special asphalt remained first in the domestic market. In 2025, the Group processed 1,375.9 million barrels of crude oil, representing a decrease of 0.2% as compared with 1,378.4 million barrels for last year, among which 699.8 million barrels of crude oil were produced from the Group's oil and gas business, accounting for 50.9% of the total amount; the Group produced 116.777 million

tons of refined oil products, representing a decrease of 2.6% as compared with 119.867 million tons for last year; the volume of chemical products output of the Group was 40.027 million tons, representing an increase of 2.7% as compared with 38.981 million tons for last year; the output of ethylene and synthetic fiber materials and polymers, and synthetic rubber increased by 7.5%, 16.1%, and 9.7% as compared with last year, respectively; the volume of chemical new materials output of the Group was 3.327 million tons, representing an increase of 62.7% as compared with 2.045 million tons for last year.

## Key Figures for the Refining, Chemicals and New Materials Segment

	Unit	2025	2024	Year-on-year change (%)
Processed crude oil <sup>(a)</sup>	Million barrels	1,375.9	1,378.4	(0.2)
Gasoline, kerosene and diesel output	'000 tons	116,777	119,867	(2.6)
of which: gasoline	'000 tons	45,317	48,077	(5.7)
kerosene	'000 tons	18,773	17,354	8.2
diesel	'000 tons	52,687	54,436	(3.2)
Crude oil processing load	%	84.8	84.7	0.1 percentage point
Light products yield	%	76.4	76.9	(0.5) percentage point
Refining yield	%	94.8	94.9	(0.1) percentage point
Ethylene	'000 tons	9,303	8,652	7.5
Synthetic resin	'000 tons	13,908	13,293	4.6
Synthetic fiber materials and polymers	'000 tons	1,353	1,165	16.1
Synthetic rubber	'000 tons	1,105	1,007	9.7
Urea	'000 tons	2,310	2,930	(21.2)

(a) Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels.

**(3) Marketing**

## Domestic Operations

The Group strengthened the linkage between production and sales, vigorously expanded sales and reduced inventory, and ensured the smooth operation of the industrial chain. The Group continuously optimized the marketing strategies, implemented personalized and characteristic marketing according to different regions and different refined oil products, and strived to stabilize market share under the situation of an overall downward trend in market demand. The Group proactively promoted the development of businesses such as vehicular liquefied natural gas ("LNG") refueling, charging and swapping, and comprehensive energy services. It newly built 1,525 comprehensive energy stations, put into operation 450 LNG refueling stations, and achieved an increase of 37.6 thousand charging guns. The Group vigorously developed the non-oil product business, focusing on the three major channels of convenience stores, online, and

major customers, actively carried out thematic marketing activities with seasonal specialties, and maintained growth in the profit of the non-oil product business.

## International Trading Operations

The Group coordinated international and domestic markets, actively expanded new overseas markets, continuously improved market operation capabilities, expanded the trade scale of refined oil products and other oil and gas products, and helped the industrial chain reduce costs and increase profitability.

In 2025, the sales volume of gasoline, kerosene and diesel of the Group reached a total of 160.811 million tons, representing an increase of 1.1% as compared with 159.000 million tons for last year, among which, the domestic sales of gasoline, kerosene and diesel were 118.658 million tons, representing a decrease of 0.4% as compared with 119.103 million tons for last year.

## Key Figures for the Marketing Segment

	Unit	2025	2024	Year-on-year change (%)
Total sales volume of gasoline, kerosene and diesel	'000 tons	160,811	159,000	1.1
of which: gasoline	'000 tons	62,767	64,147	(2.2)
kerosene	'000 tons	24,453	20,662	18.3
diesel	'000 tons	73,591	74,191	(0.8)
Domestic sales volume of gasoline, kerosene and diesel	'000 tons	118,658	119,103	(0.4)
of which: gasoline	'000 tons	48,241	49,389	(2.3)
kerosene	'000 tons	11,123	10,917	1.9
diesel	'000 tons	59,294	58,797	0.8
Market share in sales market	%	32.4	31.3	1.1 percentage point
Sales volume per gas station	Ton/day	8.70	9.05	(3.9)

	Unit	December 31, 2025	December 31, 2024	Year-on-year change (%)
Number of gas stations	Unit	22,127	22,441	(1.4)
Among which:				
Self-operated gas stations	Unit	20,482	20,429	0.3
Number of convenience stores	Unit	19,814	19,700	0.6

## (4) Natural Gas Sales

The Group continued to optimize the resource structure and procurement rhythm, and took multiple measures to control natural gas procurement costs. The Group continuously optimized the market structure, actively expanded direct sales customers and industrial users, continued to deeply cultivate the development of new customers in high-end markets such as the eastern and southern regions, vigorously developed natural gas power generation customers, and continuously increased

its overall market share. The Group actively promoted the optimized layout of the end retail business.

In 2025, the Group sold 314.713 billion cubic meters of natural gas, representing an increase of 7.0% as compared with 294.225 billion cubic meters for last year, among which 247.528 billion cubic meters were sold in the domestic market, representing an increase of 5.6% as compared with 234.306 billion cubic meters for last year.



*Ren Lixin* Director and President

## DISCUSSION AND ANALYSIS OF OPERATIONS

The following discussions and analysis should be read in conjunction with the audited financial statements of the Group and the notes set out thereto in this annual report and other sections hereof.

### 1. The financial data set out below is extracted from the audited financial statements of the Group prepared under IFRS Accounting Standards.

#### (1) Consolidated Operating Results

In 2025, the Group achieved a revenue of RMB2,864.469 billion, representing a decrease of 2.5% as compared with RMB2,937.981 billion for last year; profit attributable to owners of the Company was RMB157.318 billion, representing a decrease of 4.5% as compared with RMB164.684 billion for last year; basic earnings per share were RMB0.86, representing a decrease of RMB0.04 as compared with RMB0.90 for last year.

*Revenue* The revenue of the Group was RMB2,864.469 billion for 2025, representing a decrease of 2.5% as compared with RMB2,937.981 billion for last year. This was primarily due to the combined impact

of the decrease in prices of oil and gas products such as crude oil and refined oil products and changes in sales volume. The table below sets out external sales volume and average realized prices for major products sold by the Group in 2025 and 2024 and their respective percentage of change:

	Sales Volume ('000 tons)			Average Realized Price (RMB/ton)		
	2025	2024	Percentage of Change (%)	2025	2024	Percentage of Change (%)
Crude oil <sup>(a)</sup>	160,159	155,569	3.0	3,543	3,876	(8.6)
Natural gas (hundred million cubic meters, RMB/'000 cubic meter) <sup>(b)</sup>	3,147.13	2,942.25	7.0	2,291	2,287	0.2
Gasoline	62,767	64,147	(2.2)	7,541	8,155	(7.5)
Diesel	73,591	74,191	(0.8)	6,152	6,632	(7.2)
Kerosene	24,453	20,662	18.3	5,047	5,554	(9.1)
Polyethylene	7,313	6,377	14.7	6,832	7,448	(8.3)
Polypropylene	3,092	3,783	(18.3)	7,097	6,827	4.0
Lubricant	1,700	1,890	(10.1)	9,069	8,330	8.9

(a) The crude oil listed above represents all the external sales volume of crude oil of the Group.

(b) The natural gas listed above represents all the external sales volume of natural gas and LNG of the Group. The average realized price was the external sales price.

*Operating Expenses* Operating expenses for 2025 was RMB2,645.228 billion, representing a decrease of 2.2% as compared with RMB2,704.027 billion for last year, among which:

*Purchases, Services and Other* Purchases, services and other for 2025 was RMB1,904.951 billion, representing a decrease of 1.7% as compared with RMB1,938.093 billion for last year. This was primarily due to the decreased expenses in purchasing oil and gas products and trading expenses.

*Employee Compensation Costs* Employee compensation costs (including salaries of employees and cost of various market-oriented temporary and seasonal contractors, social insurance, housing provident fund, training costs and other additional costs) for 2025 was RMB185.096 billion, representing an increase of 3.3% as compared with RMB179.257 billion for last year.

*Exploration Expenses* Exploration expenses for 2025

was RMB18.608 billion, representing a decrease of 10.8% as compared with RMB20.862 billion for last year. This was primarily due to the Group's adherence to efficient exploration and continuous improvement to oil and gas exploration work deployment.

*Depreciation, Depletion and Amortization* Depreciation, depletion and amortization for 2025 was RMB248.125 billion, representing an increase of 2.0% as compared with RMB243.209 billion for last year. This was primarily due to the combined effect of the increase in the carrying amount of long-term assets, such as oil and gas assets and fixed assets, and the increase in oil and gas output.

*Selling, General and Administrative Expenses* Selling, general and administrative expenses for 2025 was RMB55.935 billion, representing a decrease of 6.4% as compared with RMB59.749 billion for last year. This was primarily due to the Group's persistence on low costs development and continuous reduction in expenses of non-production nature.

*Taxes other than Income Taxes* Taxes other than income taxes for 2025 was RMB245.590 billion, representing a decrease of 8.1% as compared with RMB267.261 billion for last year, among which: the consumption tax was RMB170.840 billion, representing a decrease of 3.5% as compared with RMB177.024 billion for last year, mainly due to the decrease in production and sales volume of domestic refined oil products; the resource tax was RMB28.324 billion, representing a decrease of 6.2% as compared with RMB30.188 billion for last year; crude oil special gain levy for 2025 was RMB2.360 billion, decreased by RMB11.958 billion as compared with RMB14.318 billion for last year, mainly due to the decrease in price of crude oil; the levy for mineral rights concessions was RMB4.154 billion, representing a decrease of 9.7% as compared with RMB4.602 billion for last year, mainly due to the decline in crude oil prices and the decrease in sales revenue.

*Other Income/(Expense), net* Other income, net for 2025 was RMB13.077 billion, increased by RMB8.673 billion as compared with RMB4.404 billion for last year. This was primarily due to the impact of disposal in gains or losses from derivative financial instruments.

*Profit from Operations* The profit from operations for 2025 was RMB219.241 billion, representing a decrease of 6.3% as compared with RMB233.954 billion for last year.

*Net Exchange (Loss)/Gain* Net exchange loss for 2025 was RMB0.800 billion, and net exchange gain for last year was RMB0.842 billion. This was primarily due to the impact of fluctuations in the exchange rate of US Dollar against RMB.

*Net Interest Expense* Net interest expense for 2025 was RMB9.807 billion, representing a decrease of 17.8% as compared with RMB11.932 billion for last year, mainly due to the Group's continuous reduction of interest-bearing debt and unit financing costs.

*Profit Before Income Tax Expense* Profit before income tax expense for 2025 was RMB226.165 billion, representing a decrease of 6.4% as compared with RMB241.508 billion for last year.

*Income Tax Expense* The income tax expense for 2025 was RMB54.144 billion, representing a decrease of 6.2% as compared with RMB57.753 billion for last year. This was primarily due to the decrease in profit before income tax expense.

*Profit for the Year* Profit for the year for 2025 was RMB172.021 billion, representing a decrease of 6.4% as compared with RMB183.755 billion for last year.

*Profit Attributable to Non-controlling Interests* Profit attributable to non-controlling interests for 2025 was RMB14.703 billion, representing a decrease of 22.9% as compared with RMB19.071 billion for last year. This was primarily due to the decrease in net profits from certain non-wholly owned subsidiaries of the Group.

*Profit Attributable to Owners of the Company* Profit attributable to owners of the Company for 2025 was RMB157.318 billion, representing a decrease of 4.5% as compared with RMB164.684 billion for last year.

## (2) Segment Results

### ◆ Oil, Gas and New Energy

*Revenue* The revenue of the Oil, Gas and New Energy segment for 2025 was RMB824.808 billion, representing a decrease of 9.0% as compared with RMB906.813 billion for last year, which was primarily due to the combined effect of the decline in crude oil prices and the increase in sales volume of natural gas.

The average realized price for crude oil of the Group in 2025 was USD64.11 per barrel, representing a decrease



of 14.2% as compared with USD74.70 per barrel for last year, primarily due to the decline in international crude oil prices.

*Operating Expenses* Operating expenses of the Oil, Gas and New Energy segment for 2025 was RMB688.743 billion, representing a decrease of 7.8% as compared with RMB747.068 billion for last year, which was primarily due to the combined effect of the decrease in procurement expenses for fuel, materials, etc., the decrease in tax expenses such as the crude oil special gain levy, and the increase in depreciation and depletion.

In 2025, the unit oil and gas lifting costs of the Group was USD12.04 per barrel, slightly decreased as compared with USD12.05 per barrel for last year.

*Profit from Operations* In 2025, the Oil, Gas and New Energy segment continuously enhanced efficient exploration and profitable development, continuously optimized production operations, and strived to control costs and expenses. The Oil, Gas and New Energy

segment realized a profit from operations of RMB136.065 billion, representing a decrease of 14.8% as compared with RMB159.745 billion for last year, affected by the decline in international oil prices.

#### ◆ Refining, Chemicals and New Materials

*Revenue* The revenue of the Refining, Chemicals and New Materials segment for 2025 was RMB1,078.047 billion, representing a decrease of 9.6% as compared with RMB1,192.589 billion for last year, primarily due to the decrease in output and price of the refined oil products.

*Operating Expenses* Operating expenses of the Refining, Chemicals and New Materials segment for 2025 was RMB1,053.800 billion, representing a decrease of 10.0% as compared with RMB1,171.203 billion for last year, primarily due to the decrease in international oil prices and the Group's continuous optimization of processed crude oil varieties, resulting in a decrease in overall procurement costs of crude oil and feedstock and consumption tax.



In 2025, the unit cash processing costs of refineries of the Group was RMB224.28 per ton, slightly decreased as compared with RMB224.30 per ton for last year.

*Profit from Operations* In 2025, the Refining, Chemicals and New Materials segment realized profit from operations of RMB24.247 billion, representing an increase of 13.4% as compared with RMB21.386 billion for last year, among which, the refining business recorded profit from operations of RMB21.704 billion, representing an increase of 19.1% as compared with RMB18.230 billion for last year, primarily due to the increase in gross margin in the refining business; the chemical products business recorded profit from operations of RMB2.543 billion, representing a decrease of 19.4% as compared with RMB3.156 billion for last year, primarily due to the loose supply and demand

in the chemical market and the narrowed gross margin of chemical products.

#### ◆ Marketing

*Revenue* The revenue of the Marketing segment for 2025 was RMB2,352.746 billion, representing a decrease of 4.1% as compared with RMB2,454.546 billion for last year, primarily due to the decrease in the sales volume and the price of refined oil products and the revenue of international trading operations.

*Operating Expenses* Operating expenses of the Marketing segment for 2025 was RMB2,335.199 billion, representing a decrease of 4.2% as compared with RMB2,438.052 billion for last year, primarily due to the

decrease in the expenditure arising from the purchase of refined oil products and trading expenses.

*Profit from Operations* In 2025, the Marketing segment overcame the unfavorable condition of the downward trend in refined oil market demand, vigorously strengthened marketing, strived to stabilize the market share of refined oil, and actively developed performance growth in areas such as vehicular LNG refueling, charging and swapping, and non-oil businesses. It continuously enhanced its capacity to engage in international trade and promoted cost reduction and profit enhancement in the industrial chain. The Marketing Segment recorded profit from operations of RMB17.547 billion, representing an increase of 6.4% as compared with RMB16.494 billion for last year, primarily due to the increase in profits from vehicular LNG, charging and swapping, and international trade businesses.

#### ◆ Natural Gas Sales

*Revenue* The revenue of the Natural Gas Sales segment amounted to RMB619.503 billion for 2025, representing an increase of 4.5% as compared with RMB592.690 billion for last year, primarily due to the increase in sales volume of domestic natural gas.

*Operating Expenses* Operating expenses of the Natural Gas Sales segment amounted to RMB558.701 billion for 2025, representing an increase of 3.7% as compared with RMB538.680 billion for last year, primarily due to the increase in the expenditure of natural gas purchase.

*Profit from Operations* In 2025, the Natural Gas Sales segment recorded profit from operations of RMB60.802 billion, representing an increase of 12.6% as



compared with RMB54.010 billion for last year, primarily due to the Group's increased marketing efforts, the increase in domestic natural gas sales volume, and its efforts to control procurement costs and expand sales profit margins.

In 2025, the Group's overseas operations<sup>(a)</sup> realized a revenue of RMB970.233 billion, accounting for 33.9% of the Group's total revenue; profit before income tax

expense amounted to RMB32.613 billion, accounting for 14.4% of the Group's total profit before income tax expense. The Group's overseas operations maintained a stable development with continuous improvement in its international operation abilities.

(a) Overseas operations do not constitute a separate operating segment of the Group. The financial data of overseas operations are included in the financial data of respective operating segments mentioned above.

### (3) Assets, Liabilities and Equity

The following table sets out the key items in the consolidated statement of financial position of the Group:

	As of December 31, 2025	As of December 31, 2024	Percentage of Change
	RMB millions	RMB millions	%
Total assets	2,827,777	2,752,751	2.7
Current assets	595,297	590,844	0.8
Non-current assets	2,232,480	2,161,907	3.3
Total liabilities	1,028,453	1,043,128	(1.4)
Current liabilities	538,800	637,317	(15.5)
Non-current liabilities	489,653	405,811	20.7
Equity attributable to owners of the Company	1,585,837	1,515,132	4.7
Share capital	183,021	183,021	0.0
Reserves	359,650	344,840	4.3
Retained earnings	1,043,166	987,271	5.7
Total equity	1,799,324	1,709,623	5.2

Total assets amounted to RMB2,827.777 billion, representing an increase of 2.7% as compared with RMB2,752.751 billion as of the end of last year, of which:

Current assets amounted to RMB595.297 billion, representing an increase of 0.8% as compared with RMB590.844 billion as of the end of last year, primarily due to the increase in cash and cash equivalents.

Non-current assets amounted to RMB2,232.480 billion, representing an increase of 3.3% as compared with

RMB2,161.907 billion as of the end of last year, primarily due to the increase in the property, plant and equipment.

Total liabilities amounted to RMB1,028.453 billion, representing a decrease of 1.4% as compared with RMB1,043.128 billion as of the end of last year, of which:

Current liabilities amounted to RMB538.800 billion, representing a decrease of 15.5% as compared with RMB637.317 billion as of the end of last year, primarily due to the decrease in the short-term borrowings.

Non-current liabilities amounted to RMB489.653 billion, representing an increase of 20.7% as compared with RMB405.811 billion as of the end of last year, primarily due to the increase in the long-term borrowings.

Equity attributable to owners of the Company amounted to RMB1,585.837 billion, representing an increase of 4.7% as compared with RMB1,515.132 billion as of the end of last year, primarily due to the increase in retained earnings.

The table below sets out the net cash flows of the Group for 2025 and 2024 respectively and the amount of cash and cash equivalents as of the end of each year:

	Year ended December 31	
	2025	2024
	RMB millions	RMB millions
Net cash flows generated from operating activities	412,510	406,532
Net cash flows used for investing activities	(265,705)	(307,347)
Net cash flows used for financing activities	(111,335)	(178,876)
Translation of foreign currency	(1,785)	3,167
Cash and cash equivalents at the end of the year	206,162	172,477

#### ◆ Net Cash Flows Generated from Operating Activities

The net cash flows generated from operating activities of the Group in 2025 amounted to RMB412.510 billion, representing an increase of 1.5% as compared with RMB406.532 billion for last year, primarily due to the combined effects of changes in profit and working capital during the Reporting Period. As of December 31, 2025, the Group had cash and cash equivalents of RMB206.162 billion. The cash and cash equivalents were mainly denominated in Renminbi and US Dollar (approximately 57.8% were denominated in US Dollar, approximately 37.9% were denominated in Renminbi, approximately 2.7% were denominated in HK Dollar and approximately 1.6% were denominated in other currencies).

#### (4) Cash Flows

As of December 31, 2025, the primary sources of funds of the Group were cash generated from operating activities and short-term and long-term borrowings. The funds of the Group were mainly used for operating activities, capital expenditures, repayment of short-term and long-term borrowings as well as distribution of dividends to shareholders.

#### ◆ Net Cash Flows Used for Investing Activities

The net cash flows used for investing activities of the Group in 2025 amounted to RMB265.705 billion, representing a decrease of 13.5% as compared with RMB307.347 billion for last year, primarily due to the decrease in time deposits with maturities over three months and the decrease in the capital expenditure.

#### ◆ Net Cash Flows Used for Financing Activities

The net cash flows used for financing activities of the Group in 2025 was RMB111.335 billion, representing decrease of 37.8% as compared with RMB178.876 billion for last year, primarily due to the decrease in the Group's repayment of long-term and short-term borrowings.

The net borrowings of the Group as of December 31, 2025 and December 31, 2024, respectively, were as follows:

	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
	<u>RMB millions</u>	<u>RMB millions</u>
Short-term borrowings (including current portion of long-term borrowings)	64,101	138,783
Long-term borrowings	163,462	98,072
Total borrowings	<u>227,563</u>	<u>236,855</u>
Less: Cash and cash equivalents	<u>206,162</u>	<u>172,477</u>
Net borrowings	<u><u>21,401</u></u>	<u><u>64,378</u></u>

The following table sets out the remaining contractual maturities of borrowings at the date of the consolidated statement of financial position, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
	<u>RMB millions</u>	<u>RMB millions</u>
Within 1 year	67,436	143,250
Between 1 and 2 years	15,602	30,656
Between 2 and 5 years	39,947	42,314
After 5 years	<u>124,204</u>	<u>46,005</u>
	<u><u>247,189</u></u>	<u><u>262,225</u></u>

Of the total borrowings of the Group as of December 31, 2025, borrowings at fixed rates loans were RMB110.967 billion, accounting for 48.8%; and borrowings at floating-rate were RMB116.596 billion, accounting for 51.2%. Of the borrowings as of December 31, 2025, approximately 55.8% were denominated in Renminbi, approximately 42.6% were denominated in US Dollar and approximately 1.6% were denominated in other currencies.

As of December 31, 2025, the gearing ratio of the Group (gearing ratio = interest-bearing borrowings / (interest-bearing borrowings + total equity), interest-bearing borrowings include various short-term and long-term borrowings) was 11.2% (12.2% as of December 31, 2024).

#### (5) Capital Expenditures

In 2025, the Group adhered to the concept of rigorous, precise and profitable investment, focused on its main businesses and emerging industries, continuously optimized investment structure, improved its business layout, accelerated the promotion of transformation and upgrading, and strived to improve the level of return on investment. In 2025, the capital expenditures of the Group amounted to RMB269.089 billion, representing a decrease of 2.5% as compared with RMB275.849 billion for last year. The table below sets out the capital expenditures of the Group for 2025 and 2024 and estimated capital expenditure of each business segment for 2026.



	2025		2024		Estimated amount for 2026	
	RMB millions	%	RMB millions	%	RMB millions	%
Oil, Gas and New Energy	205,094	76.22	227,633	82.52	220,800	79.03
Refining, Chemicals and New Materials	47,772	17.75	33,489	12.14	42,700	15.28
Marketing	8,216	3.06	7,188	2.61	8,500	3.04
Natural Gas Sales	4,987	1.85	4,300	1.56	6,000	2.15
Head Office and Other	3,020	1.12	3,239	1.17	1,400	0.50
<b>Total</b>	<b>269,089</b>	<b>100.00</b>	<b>275,849</b>	<b>100.00</b>	<b>279,400</b>	<b>100.00</b>

#### ◆ Oil, Gas and New Energy

Capital expenditures for the Oil, Gas and New Energy segment for 2025 amounted to RMB205.094 billion, which were primarily used for the exploration and development with scale benefit and profitability in key domestic basins such as Songliao, Ordos, Junggar, Tarim, Sichuan and Bohai Bay, devoting greater efforts in the exploration of unconventional resources such as shale oil and shale gas, accelerating the construction of gas storage capacity,

promoting new energy projects, such as wind and solar power generation, geothermal heating, and CCUS; and continuously optimizing asset structure, business structure and regional layout overseas, and properly executing existing key projects in cooperation areas such as the Middle East, Central Asia, the Americas, the Asia-Pacific region and etc.

It is estimated that the capital expenditures for the Oil, Gas and New Energy segment for 2026 will be RMB220.800 billion, which will be primarily for the continuous concentration of exploration and development with scale benefit and profitability in key domestic basins such as Songliao, Ordos, Junggar, Tarim, Sichuan and Bohai Bay. The Company will devote greater efforts in the exploration of unconventional resources such as shale oil, shale gas and coalbed methane, actively promote the construction of gas storage capacity, accelerate the construction of key projects such as large new energy bases, and promote wind and solar power generation, utilization of geothermal waste heat, CCUS and associated resources projects. The Group will adhere to the principle of concentrated and profitable development in overseas operations, increase the self-exploration projects, continuously promote profitable development, and strictly preventing investment risks while continuing operating existing projects in cooperation areas such as the Middle East, Central Asia, the Americas and the Asia Pacific region.

#### ◆ Refining, Chemicals and New Materials

Capital expenditures for the Refining, Chemicals and New Materials segment for 2025 amounted to RMB47.772 billion, which were primarily used for the completion and production commencement of ethylene projects for Jilin Petrochemical Company's refining and chemical transformation and upgrading project and Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project, and the implementation of Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project, Blue Ocean New Material Company's high-end polyolefin new material project, and Fushun Petrochemical Company's ethylene unit upgrading project.

It is estimated that the capital expenditures for the Refining, Chemicals and New Materials segment for 2026 will be RMB42.700 billion, mainly allocated for the finalization of the ethylene projects and implementation of EVA units for Jilin Petrochemical Company's refining and chemical transformation and upgrading project and Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project. It will also be used for the completion and commencement of production of the Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project, Fushun Petrochemical's ethylene unit upgrading project, and the high-end polyolefin project of Blue Ocean New Material Company, and steadily advance Blue Ocean New Material Company's ethane/light hydrocarbon comprehensive utilization for high-end chemical materials project, Lanzhou Petrochemical Company's ethylene upgrading project, and Dalian Petrochemical Company's refining and chemical integration project (Xizhong Island).

#### ◆ Marketing

Capital expenditures for the Marketing segment for 2025 amounted to RMB8.216 billion, which were primarily used for the construction of domestic integrated energy stations covering "oil, gas, hydrogen, power and non-oil products", charging stations, the optimization of terminal network layout, and the construction of international trading supporting facilities.

It is estimated that the capital expenditures for the Marketing segment for 2026 will amount to RMB8.500 billion, which will be primarily used for the construction of domestic integrated energy stations covering "oil, gas, hydrogen, power and non-oil products", enhancing the efforts devoted to the construction of LNG refueling stations and charging stations, optimization of terminal network layout and the facilities construction of overseas international trading supporting infrastructure.



#### ◆ Natural Gas Sales

Capital expenditures for the Natural Gas Sales segment for 2025 amounted to RMB4.987 billion, which were primarily used for construction of projects including Fujian LNG receiving terminal and outgoing pipeline, expansion of Jiangsu LNG storage tanks, natural gas branch lines and market development projects for urban gas terminal market.

It is estimated that capital expenditures for the Natural Gas Sales segment for 2026 will be RMB6.000 billion, which will be used primarily for construction of projects including Fujian LNG terminals and the outgoing pipelines, expansion of Jiangsu LNG storage tanks,

natural gas branch lines and market development projects for urban gas terminal market.

#### ◆ Head Office and Other

Capital expenditures for the Head Office and Other segment for 2025 were RMB3.020 billion, which were primarily used for construction of scientific research facilities and IT systems.

It is estimated that the capital expenditures for the Head Office and Other segment of the Group for 2026 will be RMB1.400 billion, which will be primarily used for construction of scientific facilities and IT systems.

## 2. The financial data set out below is extracted from the audited financial statements of the Group prepared under CAS

### (1) Financial data prepared under CAS

	As of December 31, 2025	As of December 31, 2024	Percentage of Change
	RMB millions	RMB millions	%
Total assets	2,828,017	2,753,007	2.7
Current assets	595,297	590,844	0.8
Non-current assets	2,232,720	2,162,163	3.3
Total liabilities	1,028,469	1,043,144	(1.4)
Current liabilities	538,800	637,317	(15.5)
Non-current liabilities	489,669	405,827	20.7
Total equity attributable to owners of the Company	1,586,061	1,515,371	4.7
Total equity	1,799,548	1,709,863	5.2

Please refer to subsection “(3) Assets, Liabilities and Equity” under the section “1. Discussion and Analysis of Operations” of this annual report for reasons of changes.

### (2) Principal operations by segment under CAS

	Income from principal operations for the year 2025	Cost of principal operations for the year 2025	Margin <sup>(1)</sup>	Year-on-year change in income from principal operations	Year-on-year change in cost of principal operations	Increase or decrease in margin
	RMB millions	RMB millions	%	%	%	Percentage points
Oil, Gas and New Energy	799,980	548,335	26.3	(9.5)	(7.5)	0.1
Refining, Chemicals and New Materials	1,072,723	826,558	5.0	(9.6)	(11.7)	0.5
Marketing	2,327,528	2,257,780	2.9	(4.0)	(3.7)	(0.4)
Natural Gas Sales	613,334	556,686	9.2	4.7	3.8	0.8
Head Office and Other	1,046	534	-	(1.7)	40.2	-
Inter-segment Elimination	(2,013,656)	(2,007,578)	-	-	-	-
Total	<u>2,800,955</u>	<u>2,182,315</u>	13.6	(2.4)	(0.8)	(0.8)

(1) Margin = Profit from principal operations / Income from principal operations.

## (3) Principal Operations by regions under CAS

Revenue from external transactions	In 2025	In 2024	Increase or decrease compare with last year	
	RMB millions	RMB millions		%
China's mainland	1,894,236	1,974,200		(4.1)
Others	970,233	963,781		0.7
Total	2,864,469	2,937,981		(2.5)

Non-current assets <sup>(1)</sup>	As of December 31, 2025	As of December 31, 2024	Increase or decrease compare with last year	
	RMB millions	RMB millions		%
China's mainland	2,022,171	1,946,355		3.9
Others	172,904	181,670		(4.8)
Total	2,195,075	2,128,025		3.2

Note: (1) Non-current assets mainly include non-current assets other than financial instruments and deferred income tax assets.

## (4) Principal subsidiaries and associates of the Group under CAS

Name of company	Registered capital	Shareholding	Amount of total assets	Amount of total liabilities	Amount of total net assets/ (liabilities)	Net profit/ (loss)
	RMB millions	%	RMB millions	RMB millions	RMB millions	RMB millions
Daqing Oilfield	47,500	100.00	386,555	154,221	232,334	3,695
CNPC Exploration and Development Company Limited ("CNPC E&D")	16,100	50.00	224,957	24,657	200,300	9,043
PetroChina Hong Kong Company Limited	HKD7,592 million	100.00	172,423	52,232	120,191	9,638
PetroChina International Investment Company Limited	36,042	100.00	106,841	203,036	(96,195)	(5,065)
PetroChina International Co., Ltd.	18,096	100.00	303,747	186,924	116,823	11,801
PetroChina Sichuan Petrochemical Co., Ltd.	10,000	90.00	27,130	1,733	25,397	1,438
Guangdong Petrochemical Company	20,000	90.00	65,289	35,593	29,696	491
PetroChina Taihu (Beijing) Investment Company Limited	5,800	100.00	57,453	4,375	53,078	291
China Oil & Gas Pipeline Network Corporation ("PipeChina")	500,000	29.90	947,231	336,075	611,156	35,063
China Petroleum Finance Co., Ltd. ("CNPC Finance")	16,395	32.00	534,296	443,673	90,623	5,611
State Grid Xin Yuan Holdings Co., Ltd. ("State Grid Xin Yuan")	29,132	14.79	258,046	155,862	102,184	3,587
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	10,754	8,088	2,666	55
Mangistau Investment B.V.	USD131 million	50.00	12,267	3,863	8,404	820
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50.00	45,934	3,900	42,034	1,152

Note: For the nature of business and net profit of principal subsidiaries and associates, please refer to Note 6 and Note 15 to the financial statements prepared in accordance with CAS.

## SIGNIFICANT EVENTS

### 1. Cash Dividend in the Recent Three Years

Unit: RMB millions			
Year	Amount (inclusive of tax)	Profit of the Year <sup>(1)</sup>	Percentage of Profit (%)
2023	80,529	161,146	50.0
2024	86,020	164,684	52.2
2025	86,020	157,318	54.7

Note: (1) Profit means historical data of profit attributable to owners of the Company in the year as calculated in accordance with the IFRS Accounting Standards.

Formulation and implementation of the cash dividend policy of the Company

To safeguard the interests of vast shareholders, it is provided by the Company in the Articles of Association of PetroChina Company Limited ("Articles of Association") that in the premise that the net profit attributable to owners of the Company and the accumulated undistributed profit for the year are positive, and the Company's cash flow can satisfy the normal operation and sustainable development of the Company, the amount of cash dividend to be distributed shall not be less than 30% of the net profit attributable to owners of the Company realized in the relevant year. The Company distributes dividends twice a year, with the final dividend to be determined by the general meeting by ordinary resolution and the interim dividend determined by the Board of Directors as authorized by the general meeting by way of ordinary resolution.

Since its listing, the Company has strictly complied with the Articles of Association and relevant regulatory requirements and made decision on dividend distribution adopting the principle of returns to shareholders. The steady and active dividend distribution policy of the Company is welcomed by the shareholders. The

independent Directors of the Company have performed their duties faithfully and diligently, formed opinions on dividend distribution independently and objectively, and played a desirable role. In 2025, the Company distributed 54.7% of its net profit attributable to owners of the Company as dividend.

### 2. Distribution Plan for the Final Dividend for 2025

After overall consideration of the Company's operating results, financial position and cash flows, etc. and in return for the shareholders, the Board recommends a final cash dividend of RMB0.25 (inclusive of applicable tax) per share for 2025 to all shareholders of the Company. The total amount of cash dividends reaches approximately RMB45.755 billion. The proposed final dividend is subject to shareholders' review and approval at the 2025 annual general meeting. The final dividend of H shares will be paid to all shareholders of H shares whose names appear on the register of members of the Company at the close of trading on June 25, 2026. The register of members of H shares will be closed from June 23, 2026 to June 25, 2026 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the

final dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on June 22, 2026. Holders of A shares whose names appear on the register of members of the Company maintained at China Securities Depository and Clearing Corporation Limited ("CSDC") at the close of trading on the Shanghai Stock Exchange in the afternoon of June 25, 2026 are eligible for the final dividend. The final dividend of A shares and H shares for 2025 will be paid on or about June 26, 2026 and July 31, 2026, respectively.

In accordance with the relevant provisions of the Articles of Association of the Company and relevant laws and regulations, dividends payable to the Company's shareholders shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi, and for the A shares of the Company listed on the Shanghai Stock Exchange and invested by the investors through the Hong Kong Stock Exchange, dividends shall be paid in Renminbi to the accounts of the nominal shareholders through CSDC. Save for the H shares of the Company listed on the Hong Kong Stock Exchange and invested by the investors through the Shanghai Stock Exchange and the Shenzhen Stock Exchange (the "H Shares under the Southbound Trading Link"), dividends payable to the holders of H shares shall be paid in Hong Kong Dollar. The applicable exchange rate shall be the average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the dividends at the 2025 annual general meeting. Dividends payable to the holders of H Shares under the Southbound Trading Link shall be paid in Renminbi. In accordance with the Agreement on Payment of Cash Dividends on the H Shares under the Southbound Trading Link (《港股通H股股票現金紅利派發協議》) between the Company and CSDC, CSDC will receive the dividends payable by the Company to holders of the H Shares under the Southbound Trading Link as a nominal holder of the H Shares under the Southbound

Trading Link on behalf of investors and assist the payment of dividends on the H Shares under the Southbound Trading Link to investors thereof.

In relation to individual shareholders and securities investment funds holding A shares of the Company, according to the Notice on the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No.85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012] 85 號)) and the Notice on Issues concerning Differentiated Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No.101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015] 101號)), when the Company distributes dividends, investors holding the shares of the Company for more than one year shall be temporarily exempted from individual income tax; investors holding the shares of the Company within one year (including one year) shall be temporarily exempted from paying individual income tax. When individual shareholders and securities investment funds holding A shares of the Company transfer their shares after the equity registration date, the Shanghai Branch of CSDC will calculate the actual tax payable based on the period of their shareholding, and securities companies and other share custodians will withhold the amount of tax payable from their respective accounts transfer to the Shanghai Branch of CSDC. The actual tax payable is calculated as follows: if the shareholding period (meaning the duration from the date of public offering or acquiring the Company's shares from the market to the day before the date of transfer and delivery of the stock) is within one month (including one month), the dividends and bonuses will be fully considered as taxable income, and the actual tax payable will be 20% of the dividends and bonuses; if the shareholding period is more than one month to one year (including one year), 50% of the dividends and bonuses will be considered as taxable income, and the actual tax payable will be 10% of the dividends and bonuses; if the shareholding period exceeds one year, the dividends and bonuses are temporarily exempted from individual income tax.

In relation to Qualified Foreign Institutional Investors (“QFII”) holding A shares of the Company, according to the Notice on Relevant Issues Concerning the Withholding of Enterprise Income Tax on Dividends, Bonuses and Interests Paid to QFII by Chinese Resident Enterprises (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函 [2009] 47號)) promulgated by the State Administration Taxation (“SAT”) on January 23, 2009 (“Letter No. 47 [2009] of the SAT”), the Company will withhold enterprise income tax at the rate of 10%; if the relevant shareholders consider that they are entitled to tax treatment under certain tax treaty (arrangement) in relation to the dividends, such shareholders may file an application for the tax treatment under the tax treaty (arrangement) with the competent tax authority after receiving dividends according to Letter No. 47 [2009] of the SAT.

According to the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) and the relevant implementing rules which came into effect on January 1, 2008, amended on February 24, 2017 and December 29, 2018, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of H shares of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Should any holder of H shares wish to change his/her/its shareholder status, please consult his/her/its agent or trust institution over the relevant procedures. The Company will withhold payment of the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on the information registered on the Company's H share register of members on June 25, 2026.

According to the Notice on Issues Concerning the Collection and Management of Individual Income Tax after the Abolition of Guo Shui Fa [1993] No. 045 (《關於國稅發 [1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(Guo Shui Han [2011] No.348) (國稅函 [2011] 348號)) promulgated by the SAT, the Company is required to withhold and pay the individual income tax for its individual H shareholders and the individual H shareholders are entitled to certain tax preferential treatments according to the tax agreements between those countries where the individual H shareholders are residents and China and the provisions in respect of tax arrangements between the China's Mainland and Hong Kong (Macau). The Company would withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual H shareholders who are Hong Kong residents, Macau residents or residents of those countries having agreements with China for individual income tax rate in respect of dividend of 10%. For individual H shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of lower than 10%, the Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the circular of SAT on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under Tax Treaties (SAT Circular [2019] No.35) (《關於發布〈非居民納稅人享受協定待遇管理辦法〉的公告》(國家稅務總局公告2019年第35號)). For individual H shareholders who are residents of those countries having agreements with China for individual income tax rates in respect of dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed-upon effective tax rate. For individual H shareholders who are residents of those countries without any taxation agreements with China or having agreements with China for individual income tax in respect of dividend of 20% or in other situations, the Company would withhold the individual income tax at a tax rate of 20%.

The Company will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Company (the "Registered Address") on June 25, 2026 and will accordingly withhold and pay the individual income tax. If the country of domicile of an individual H shareholder is not the same as the Registered Address, the individual H shareholder shall notify the share registrar of the Company's H shares and provide relevant supporting documents on or before 4:30 p.m. on June 22, 2026 (address: Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong). If the individual H shareholder does not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of domicile of the individual H shareholder based on the recorded Registered Address on June 25, 2026.

The Company will not entertain any claims arising from and assume no liability whatsoever in respect of any delay in, or inaccurate determination of, the status of the shareholders of the Company or any disputes over the withholding and payment of tax.

In accordance with the Notice of Ministry of Finance, the SAT and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014] 81號)) which became effective on November 17, 2014 and the Notice of the Ministry of Finance, the SAT and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016] 127號))

which became effective on December 5, 2016, with regard to the dividends obtained by China's mainland individual investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of China's mainland individual investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by China's mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by China's mainland enterprise investors, and China's mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

With regard to the dividends obtained by the investors (including enterprises and individuals) from investment in the A shares of the Company listed on Shanghai Stock Exchange through the Hong Kong Stock Exchange, the Company will withhold income tax at the rate of 10% and file tax withholding returns with the competent tax authority. Where there is any Hong Kong investor who is a tax resident of a foreign country and the rate of income tax on dividends is less than 10%, as provided for in the tax treaty between the country and the PRC, the enterprise or individual may personally, or entrust a withholding agent to, file an application for the tax treatment under the tax treaty with the competent tax authority of the Company. Upon approval, the competent tax authority will refund tax based on the difference between the amount of tax having been collected and the amount of tax payable calculated at the tax rate as set out in the tax treaty.

### 3. Shareholding in other companies

#### (1) Shareholding interests in other listed companies

As of the end of the Reporting Period, interests in other listed securities held by the Group were as follows:

Unit: HK dollars million

Stock code	Stock short name	Initial investment amount	Number of shares held	Share-holding (%)	Book value as of the end of the year	Profit or loss in the Reporting Period	Change in equity in the Reporting Period	Classification in accounts	Source of shareholding
135	KUNLUN ENERGY LIMITED ("Kunlun Energy")	25,802	4,708,302,133	54.38	25,802	-	-	Long-term equity investments	Acquisition and further issue of shares

Note: The Group held the shares in Kunlun Energy through PetroChina Hong Kong Limited, an overseas wholly-owned subsidiary of the Company. The shares of Kunlun Energy are listed on the Hong Kong Stock Exchange.

#### (2) Shareholding of interests in non-listed financial institutions

Unit: RMB millions

Name of investment target	Initial investment amount	Number of shares held	Share-holding (%)	Book value as of the end of the year	Profit or loss in the Reporting Period	Change in equity in the Reporting Period	Classification in accounts	Source of shareholding
CNPC Finance	10,223	5,246,490,000	32.00	29,348	1,796	1,127	Long-term equity investment	Injection of capital
CNPC Captive Insurance Co., Ltd.	2,450	2,940,000,000	49.00	3,555	30	(190)	Long-term equity investment	Establishment by promotion

### 4. Significant connected transactions during the Reporting Period

Please refer to the section "Connected Transactions" in this annual report. During the Reporting Period, no substantial shareholder of the Company has utilized the funds of the Company for non-operating purposes.

### 5. Material contracts and the performance thereof

(1) During the Reporting Period, there was no escrow, contracting or leasing of the assets of other companies or escrow, contracting or leasing of the Company's assets by other companies which occurred or continued into the Reporting Period and which generated profits for the Company amounting to 10% or more (including 10%) of the Company's total profit for the year.

(2) As of the end of the Reporting Period, the Group had a guarantee balance of RMB143.786 billion, including RMB141.739 billion for performance guarantee, RMB 1.874 billion for financing guarantee, RMB0.173 billion for credit guarantee and the balance of guarantees as of the end of the Reporting Period accounted for approximately 9.1% of the Group's net asset. The guarantee balance of the Company as of the end of the Reporting Period did not exist for the guarantee provided to the controlling shareholder, the ultimate controller and its related parties.

(3) The Company had no material wealth management entrusted to any other person.

(4) The Company had no material external entrustment loans during the Reporting Period.

(5) The Company had no overdue principals or interests of material bank loans during the Reporting Period.

(6) Save as disclosed in this annual report, during the Reporting Period, the Company did not enter into any material contract which requires disclosure.

## 6. Performance of Undertakings

In order to support the business development of the Company, consolidate the relevant quality assets and avoid industry competition, CNPC, the controlling shareholder of the Company, entered into the Agreement on Non-Competition and Pre-emptive Right to Transactions (the "Agreement") with the Company on March 10, 2000. After execution of the Agreement, CNPC obtained certain business opportunities that competed or were likely to compete with the principal business of the Company, as the resource conditions for oil and gas exploration and development operations in certain overseas countries and regions where the CNPC has exploration and development business were insufficient or uncertain.

In connection with matters described above, CNPC issued a Letter of Undertaking to the Company on June 20, 2014. Supplementary undertakings that have not yet been completed include: for business opportunities relating to investment in offshore oil and gas properties after the date of the Letter of Undertaking, the relevant prior approval procedure of the Company shall be initiated strictly in accordance with the Agreement. Subject to the applicable laws, contractual agreements and procedure requirements, CNPC will sell to the Company offshore oil and gas properties as described in the Agreement at the request of the Company.

As of the end of the Reporting Period, CNPC has strictly and timely performed the undertakings within the performance period specified in the Letter of Undertaking. Save for the above additional undertakings, the undertakings made by CNPC in the Agreement remain unchanged.

Save for the above undertakings, there is no material undertakings given by the Company, any shareholders, ultimate controllers, purchasers, Director, Supervisor or senior management or other related parties during the Reporting Period or persisting into the Reporting Period.

## 7. Engagement and disengagement of firm of accountants

As approved at the annual general meeting of 2024, the Company continued to engage KPMG Huazhen LLP and KPMG to serve as the domestic and overseas auditors, respectively, for the year of 2025. The engagement partner of the 2025 audit work is Ms. Duan Yuhua, who will provide auditing services to the Company for two years, and the signing accountant is Mr. Zou Jun, who will provide auditing services to the Company for two years. Remuneration in respect of the 2024 audit work amounted to RMB41 million, mainly for the provision of auditing services for the Company's domestic and international needs, in which the financial report auditing

fee amounted to RMB34 million and the financial report internal control auditing fee amounted to RMB7 million. For details of the auditors' remuneration, please refer to Note 7 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

As of the end of the Reporting Period, KPMG Huazhen LLP and KPMG have both provided auditing services to the Company for two years.

## 8. Material litigation and arbitration

During the Reporting Period, the Company has no material litigations or arbitrations.

## 9. Penalties on the Company and its Directors, senior management, controlling shareholder and ultimate controller and remedies thereto

During the Reporting Period, none of the Company or its current Directors, senior management, controlling shareholder or ultimate controller of the Company was subject to any investigation by the competent authorities or enforcement by judicial or disciplinary departments, or was handed over to judicial departments or subject to criminal liability, or subject to investigation or administrative penalty by the China Securities Regulatory Commission, or any denial of participation in the securities market or was deemed as unsuitable candidates, or was imposed on material punishment by other administrative authorities or was subject to any public criticisms made by a stock exchange.

The incumbent Directors and senior management of the Company and those who retired during the Reporting Period did not receive any punishment from the securities regulation organizations in recent three years.

## 10. Creditworthiness of the Company and its controlling shareholder and ultimate controller

During the Reporting Period, the Company and its controlling shareholder and ultimate controller did not incur any unperformed material court judgement that had come into force or any significant outstanding debt that had become due and payable.

## 11. Other Significant Matters

### (1) The acquisition of gas storage assets

PetroChina Taihu (Beijing) Investment Co., Ltd. ("Taihu Company"), a wholly-owned subsidiary of the Company made cash contribution together with National Pipe Network Group Energy Storage Technology Co., Ltd., and Panjin State-owned Capital Investment and Operation Group Co., Ltd., to establish three new joint venture companies controlled by Taihu Company. These three new joint venture companies in December 2025 respectively entered into an "Equity Acquisition Agreement" with Sichuan Petroleum Administration Bureau Co., Ltd., Xinjiang Petroleum Administration Bureau Co., Ltd., and Liaohe Petroleum Exploration Bureau Co., Ltd., each of which is a wholly-owned subsidiary of CNPC, to acquire 100% equity interest in each of their wholly-owned subsidiary, namely Chongqing Xiangguosi Gas Storage Co., Ltd., Xinjiang Oilfield Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd., at a consideration of RMB9.995 billion, RMB17.066 billion and RMB12.955 billion, respectively. The details are set out in the Company's announcements published on August 26, 2025 and December 4, 2025 on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively. The transaction mentioned above was completed in January 2026 and recorded as an equity transaction.

This event does not affect the continuity of the business and the stability of the management of the Group and is conducive to the sustainable and healthy development of and positive operating results of the business of the Group.

**(2) PRC government extends the support policy for unconventional exploration and use of natural gas**

On March 13, 2025, the Ministry of Finance publicly issued the Notice on Issuing the “Management Measures for Special Funds for Clean Energy Development” (Cai Jian [2025] No. 35), clarifying that from 2025 to 2029, special funds for clean energy development will be used to provide subsidies and incentives for the exploration and utilization of unconventional natural gas such as coalbed methane (coal mine gas), shale gas, and tight gas. The subsidy funds will be allocated based on the principles of “more production, more subsidies” and “increase subsidies during the winter”.

This event does not affect the continuity of the business and the stability of the management of the Group and is conducive to the sustainable and healthy development of and positive operating results of the business of the Group.

**(3) The Chinese Government clarified the execution criteria for relevant resource tax policies**

On November 12, 2025, the Ministry of Finance and the State Administration of Taxation issued the “Announcement on Clarifying the Implementation Standards for Resource Tax Policies” (MOF and SAT Announcement No. 12 of 2025), specifying that resource tax on mixed light hydrocarbons separated from crude oil by oil and gas field enterprises shall be levied under the crude oil tax category, while resource tax on mixed light hydrocarbons separated from natural gas shall be levied under the natural gas tax category, and clarified the specific eligibility criteria for resource tax preferential policies applicable to depleted mines.

This event does not affect the continuity of the business and the stability of the management of the Group and is conducive to the sustainable and healthy development of and positive operating results of the business of the Group.

## 12. Events after the Reporting Period

Since the end of the Reporting Period and up to the date of approval of this annual report, no events that have a material impact on the Group have occurred.

## CONNECTED TRANSACTIONS

CNPC is the controlling shareholder of the Company and therefore transactions between the Group and CNPC constitute connected transactions of the Group under the SSE Listing Rules and the Hong Kong Listing Rules. China National Oil and Gas Exploration and Development Corporation (“CNODC”), a wholly-owned subsidiary of CNPC, holds 50% interest in CNPC E&D, a non-wholly-owned subsidiary of the Group. Pursuant to the Hong Kong Listing Rules, CNPC E&D is a connected person of the Company and transactions between the Group and CNPC E&D constitute connected transactions of the Group. Since December 28, 2006, the Group has held 67% equity interest in PetroKazakhstan Inc. (“PKZ”) through CNPC E&D. Pursuant to the Hong Kong Listing Rules, CNPC E&D and its subsidiaries are connected persons of the Group. Therefore, transactions between the Group and PKZ constitute connected transactions of the Group.

The following connected transactions constitute the connected transactions or continuing connected transactions as defined under the SSE Listing Rules and/or the Chapter 14A of the Hong Kong Listing Rules and satisfy relevant disclosure requirements thereof. For details of the following connected transactions, please refer to the relevant announcements published on the websites of the Shanghai Stock Exchange or the Hong Kong Stock Exchange and the Company. Note 62 set out thereto in the financial statements of the Company prepared in accordance with the Accounting Standards for Enterprises of the PRC has properly disclosed connected transactions or continuing connected transactions pursuant to the listing rules.

### One-off Connected Transaction

#### 1. The acquisition of gas storage assets

PetroChina Taihu (Beijing) Investment Co., Ltd. (“Taihu Company”), a wholly-owned subsidiary of the Company made cash contribution together with National Pipe Network Group Energy Storage Technology Co., Ltd., and Panjin State-owned Capital Investment and Operation Group Co., Ltd., to establish three new joint venture companies controlled by Taihu Company. These three new joint venture companies in December 2025 respectively entered into an “Equity Acquisition Agreement” with Sichuan Petroleum Administration Bureau Co., Ltd., Xinjiang Petroleum Administration Bureau Co., Ltd., and Liaohe Petroleum Exploration Bureau Co., Ltd., each of which is a wholly-owned subsidiary of CNPC, to acquire 100% equity interest in each of their wholly-owned subsidiary, namely Chongqing Xiangguosi Gas Storage Co., Ltd., Xinjiang Oilfield Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd., at a consideration of RMB9.995 billion, RMB17.066 billion and RMB12.955 billion, respectively. The details are set out in the Company’s announcements published on August 26, 2025 and December 4, 2025 on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively.

### Continuing Connected Transactions

#### 1. Continuing Connected Transactions with CNPC

The Group and CNPC continue to carry out certain continuing connected transactions. The Company

obtained the approval of the independent Directors and the independent shareholders at the third meeting of the ninth session of the Board held on August 30, 2023 and the first extraordinary general meeting of 2023 held on November 9, 2023 for a renewal of and amendments to the relevant continuing connected transactions, and for the proposed caps for relevant continuing connected transactions from January 1, 2024 to December 31, 2026. Details of the above transactions were set out in the Company's announcements in respect of continuing connected transactions published on the website of the Shanghai Stock Exchange (Announcement No.: Lin 2023-028) and Hong Kong Stock Exchange on August 30, 2023, respectively, the Company's circular in respect of continuing connected transactions published on the website of the Hong Kong Stock Exchange on September 20, 2023, the information of the Company's first extraordinary general meeting of 2023 published on the website of the Shanghai Stock Exchange on November 3, 2023, and the announcements in respect of the resolutions at the extraordinary general meeting published on the website of the Hong Kong Stock Exchange and the Shanghai Stock Exchange (Announcement No.: Lin 2023-033) on November 9, 2023 and November 10, 2023, respectively.

The Group and CNPC carried out the continuing connected transactions in 2025 referred to in the following agreements:

#### (1) Comprehensive Products and Services Agreement

The Group and CNPC implemented the Comprehensive Products and Services Agreement (the "Comprehensive Agreement") entered into on August 30, 2023 for the provision including (A) by the Group to CNPC and jointly-held entities (excluding CNPC Finance, same as below) and (B) by CNPC and jointly-held entities to the Group, of a range of products and services. The

Comprehensive Agreement entered into force on January 1, 2024 with an effective term of three years.

During the term of the Comprehensive Agreement, individual product and service implementation agreements described below may be terminated from time to time by the parties thereto by providing at least 6 months' written notice of termination in relation to any one or more categories of products or services. Further, in respect of any products or services contracted to be provided on or before the notice of termination, the notice of termination will not affect the completion of the provision of such products and services.

(A) Products and Services to be provided by the Group to CNPC/jointly-held entities

Under the Comprehensive Agreement, products and services to be provided by the Group to CNPC/jointly-held entities include: crude oil, natural gas, refined oil products, chemical products, supply of water, supply of electricity, supply of gas, supply of heating, quantifying and measuring, entrusted operation, material supply and other relevant or similar products and services as may be requested by CNPC/jointly-held entities for its own consumption, use or sale from time to time. In addition, the Group shall provide the jointly-held entities with financial services including entrustment loans, guarantees and other financial services.

(B) Products and Services to be provided by CNPC/jointly-held entities to the Group

More products and services are expected to be provided by CNPC/jointly-held entities to the Group, both in terms of quantity and variety, than those provided by the Group to CNPC/jointly-held entities. They have been categorized according to the following types of products and services:

- Engineering technology services, including but not limited to exploration technology service, downhole operation service, oilfield construction service, refining oil factory construction service and engineering and design services;

- Production services, mainly associated with products and services to be provided, arising from the day-to-day operations of the Group, including but not limited to crude oil, natural gas, refined oil products, chemical products, water supply, electricity supply, communication and transportation;

- Material supply services, mainly involving the agency services on the procurement of materials, including but not limited to purchase materials, product quality examination, storage and delivery, which by virtue of its nature, are not covered in the engineering technology services and production services referred to above;

- Social and living services, including but not limited to cultural promotion, staff canteens, training centers, retirement management and re-employment services etc.; and

- Financial services, including loans and other financial assistance, deposits services, entrusted loans, settlement services, insurance services, financial leasing services and other financial services.

The Comprehensive Agreement details specific pricing principles for the products and services to be provided pursuant to the Comprehensive Agreement. If, for any reason, the specific pricing principle for a particular product or service ceases to be applicable, whether due to a change in circumstances or otherwise, such product or service must then be provided in accordance with the following general pricing principles as defined in the Comprehensive Agreement:

(a) government-prescribed prices; or

(b) where there is no government-prescribed price, then according to the relevant market prices; or

(c) where neither (a) nor (b) is applicable, then according to:

(i) the actual cost incurred; or

(ii) the agreed contractual price.

In particular, the Comprehensive Agreement stipulates, among other things, that:

(i) for the financial services provided by the Group:

- the pricing of entrusted loans shall be determined based on the loan prime rate (LPR) and relevant fee charging standards as promulgated by the People's Bank of China and with reference to market price;

- the guarantees shall be provided at prices with reference to the market-oriented price of the same risk category; and

- the pricing of other financial services shall be determined based on the prices prescribed by government authorities including, among other things, People's Bank of China and the fee charging standards published by the above-mentioned relevant regulatory authorities and with reference to the market-oriented price.

(ii) for the financial services provided by CNPC/ jointly-held entities:

- the deposit services shall be provided at prices determined in accordance with the prevailing market interest rates under the guidance of the People's Bank of

China and the relevant fee standards of the pricing self-regulatory mechanism. Such prices must also be no less than rates offered by other independent third parties for the same nature of deposit services domestically unless otherwise provided by laws and regulations. The interest rates for foreign currency deposits shall refer to market prices and be determined by both parties through fair negotiation based on market conditions;

- the loan services shall be provided at prices determined after negotiation based on the loan prime rate (LPR) as promulgated by the People's Bank of China and market conditions. Such prices must also be no higher than the rate charged by major commercial banks for same type of loans during the same period under the same conditions;

- the guarantees shall be provided at prices with reference to the market-oriented price of the same risk category; and

- the pricing of other financial services shall be determined based on the prices prescribed by government authorities including, among others, People's Bank of China, and the free charging standards published by the above-mentioned relevant regulatory authorities, and with reference to the market-oriented price.

## (2) Product and Service Implementation Agreements

According to the current arrangements, from time to time and as required, individual product and service implementation agreements may be entered into between the relevant subordinate companies and entities of CNPC/jointly-held entities or the Group providing the relevant products or services, as appropriate, and the relevant subordinate companies and entities of the Group or CNPC/jointly-held entities, requiring such products or services, as appropriate.

Each product and service implementation agreement will set out the specific products and services requested by the relevant party and any detailed technical and other specifications which may be relevant to those products or services. The product and service implementation agreements may only contain provisions which are in all material respects consistent with the binding principles and guidelines and terms and conditions in accordance with which such products and services are required to be provided as contained in the Comprehensive Agreement.

As the product and service implementation agreements are merely further elaborations on the provision of products and services as contemplated by the Comprehensive Agreement, they do not as such constitute new categories of connected transactions.

## (3) Land Use Rights Leasing Contract and Supplemental Agreement

The Company and CNPC signed the Land Use Rights Leasing Contract on March 10, 2000 under which CNPC has leased land in connection with various aspects of the operations and business of the Group covering an aggregate area of approximately 1,145 million square meters, located throughout the PRC, to the Group for a term of 50 years at an annual fee of RMB2 billion. The total rent payable for the lease of all such property may, as of the expiration of 10-year term of the Land Use Rights Leasing Contract, be adjusted by agreement between the Company and CNPC to reflect market conditions prevalent at such time of adjustment, including the then prevailing marketing prices, inflation or deflation (as applicable) and such other factors considered as relevant by both parties in negotiating and agreeing to any such adjustment.

Taking into account the actual business needs of the Group and the changes in the land market in recent years, the Company entered into a supplementary agreement to the Land Use Rights Leasing Contract with CNPC on

August 25, 2011, in which the area of the leased land was reconfirmed as 1,783 million square meters and the annual rent was adjusted to no more than RMB3,892 million (excluding taxes and fees). Meanwhile, the parties agreed to adjust the area of building leased and the rental fees every three years as appropriate by reference to the status of the production and operations of the Company. The supplementary agreement took effect as from January 1, 2012.

On August 30, 2023, the parties reconfirmed in a letter of confirmation as agreed that the area of the leased land was approximately 1,134 million square meters and the annual rental was adjusted to approximately RMB5,724 million (excluding taxes and fees). The letter of confirmation took effect as from January 1, 2024.

#### (4) Buildings Leasing Contract (Amended)

On August 24, 2017, the Company entered into a New Buildings Leasing Contract with CNPC, pursuant to which the Company agreed to lease from CNPC buildings with an aggregate gross floor area of approximately 1,153,000 square meters and the annual rental was no more than RMB730 million. Meanwhile, the parties agreed to adjust the area of building leased and the rental fees every three years as appropriate by reference to the status of the production and operations of the Company, but the adjusted rental fees shall not exceed the comparable fair market price. The contract took effect as from January 1, 2018 for a term of 20 years.

On August 30, 2023, the parties reconfirmed in a letter of confirmation that the area of the leased buildings was approximately 1,613,100 square meters and the annual rental was adjusted to approximately RMB893 million. The letter of confirmation took effect as from January 1, 2024.

#### (5) Intellectual Property Licensing Contracts

The Company and CNPC continue to implement the three intellectual property licensing contracts entered

into on March 10, 2000, namely the Trademark Licensing Contract, the Patent and Know-how Licensing Contract and the Computer Software Licensing Contract. CNPC has agreed to extend the term of the Computer Software Licensing Contract to the expiry date of the statutory protection period of the relevant software or when such software enters the public domain. Pursuant to these licensing contracts, CNPC has granted the Company the exclusive right to use certain trademarks, patents, know-how and computer software of CNPC at nil consideration. These intellectual property rights relate to the assets and businesses of CNPC which were transferred to the Company pursuant to the restructuring.

#### (6) Contract for the Transfer of Rights under Production Sharing Contracts

The Company and CNPC continue to implement the Contract for the Transfer of Rights under Production Sharing Contracts dated December 23, 1999. As part of the restructuring, CNPC transferred to the Company relevant rights and obligations under 28 production sharing contracts entered into with a number of international oil and natural gas companies, except for the rights and obligations relating to CNPC's supervisory functions.

As of December 31, 2025, CNPC has been in the process of executing in aggregate 26 projects contemplated under the production sharing contracts, in respect all of which the transfer of rights under the production sharing contracts between CNPC and the Company has been completed. CNPC has assigned to the Company all of its rights and obligations under the production sharing contracts at nil consideration and subject to applicable PRC laws and regulations, except for the rights and obligations relating to CNPC's supervisory functions.

As each of the applicable percentage ratio(s) (other than the profits ratio) in respect of the Trademark Licensing Contract, the Patent and Know-how Licensing Contract, the

Computer Software Licensing Contract and the Contract for the Transfer of Rights under Production Sharing Contracts is less than 0.1%, the continuing connected transactions under these contracts are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Directors believe that these continuing connected transactions were entered into in the normal and ordinary course of business for the benefits of the Company and are in the interests of the shareholders as a whole.

## 2. Continuing Connected Transactions with CNPC E&D

On December 28, 2006, the following continuing connected transactions arose as a result of the completion of the Company's acquisition of 67% equity interest in PKZ, which was announced by the Company on August 23, 2006:

- the provision of production services by CNPC to the Group;
- the provision of construction and technical services by CNPC to the Group;
- the provision of material supply services by CNPC to the Group.

Upon completion of the acquisition of PKZ, PKZ became a subsidiary (as defined under the Hong Kong Listing Rules) of CNPC E&D. As CNPC is the controlling shareholder of the Company and as each of CNPC and the Company is interested in 50% interest in CNPC E&D respectively, therefore, CNPC and CNPC E&D are connected persons of the Company under the Hong Kong Listing Rules. The caps for these continuing connected transactions have already been included within the caps for the continuing connected transactions between the Group and CNPC.

## 3. Ongoing connected transactions with CNPC Finance

CNPC is the controlling shareholder of the Company and CNPC Finance is a company owned as to 40% by CNPC, 32% by the Company and 28% by CNPC Capital Corporation. According to the Hong Kong Listing Rules and the SSE Listing Rules, CNPC Finance is a connected person of the Company. In 2025, the Group and CNPC Finance conducted the ongoing connected transactions referred to in the following agreements:

### (1) Transactions under the Financial Services Agreement

On August 30, 2023, the Company entered into a financial services agreement with CNPC Finance (the "Financial Services Agreement") which shall come into effect on January 1, 2024 and is valid for three years. According to the Financial Services Agreement, the main services and prices of the services proposed to be provided by CNPC Finance to the Group are as follows:

Settlement services: including collection and payment services, as well as other ancillary services related to settlement operations. With regards to settlement services, CNPC Finance will not charge the Group in relation to provision of settlement services.

Deposit services: including, among others, demand deposits, agreement deposits, call deposits and time deposits. The interest rate for Renminbi deposit services shall be based on the prevailing market rates under the guidance of the People's Bank of China and the relevant fee standards of the pricing self-regulatory mechanism, and shall be no less than the interest rate offered by the independent third parties for same deposit service during the same period. The interest rate for foreign currency deposit services shall be determined upon arm's length negotiation with reference to the market conditions.



Other financial services: including entrustment loans, bills, bonds underwriting, non-financing letter of guarantee services, financial advisory, credit verification and consulting agency business, etc. With respect to other financial services, fees for other financial services shall be no higher than the fees offered by independent third parties to the Group for the same category of services and the fees charged by CNPC Finance to the subsidiaries of CNPC (excluding the Group) for the same category of services.

The Group and CNPC Finance will enter into separate agreements regarding their loan and financial derivative transactions. The loan services provided by CNPC Finance is based on normal commercial terms or on better terms and the Group does not provide assets as collateral. Pursuant to Chapter 6.3.18 of the SSE Listing Rules and Chapter 14A.90 of the Hong Kong Listing Rules, the loan services provided by CNPC Finance to the Group are fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 6 Section 3 of

the SSE Listing Rules and Chapter 14A of the Hong Kong Listing Rules.

During the Reporting Period, the opening balance of the Group's deposits with CNPC Finance was RMB62,843 million, with an increase of RMB7,427,001 million during the period and a decrease of RMB7,426,068 million during the period, and the closing balance was RMB63,776 million, with an interest rate of RMB ranging from 0.05% to 2.85%. The opening balance of loans provided by CNPC Finance to the Group was RMB65,594 million, with an increase of RMB33,219 million during the period and a decrease of RMB21,039 million during the period, and the closing balance was RMB77,774 million, with an interest rate ranging from 1.5% to 3.2%. CNPC Finance opened promissory notes for the Group of RMB25,278 million and discounted notes of RMB679 million.

#### (2) Derivatives Framework Agreement with CNPC Finance

On December 20, 2024, the Company and CNPC Finance entered into a currency derivatives service framework agreement in respect of currency derivatives transactions for the year of 2025 (the "2025 Derivatives Framework Agreement"). According to the 2025 Derivatives Framework Agreement, the Group conducted currency derivatives transactions with CNPC Finance to actively manage exchange rates, risks and exposure to reduce losses in exchange rates in 2025. The term of the agreement will be expired on December 31, 2025. For

details, please refer to the announcements published by the Company on December 20, 2024 on the website of Shanghai Stock Exchange and Hong Kong Stock Exchange, respectively. During the Reporting Period, the transaction amount of currency derivatives transactions between CNPC Finance and the Group amounted to US\$1,325 million. On December 19, 2025, the Company entered into the 2026 Derivatives Framework Agreement with CNPC Finance based on the 2025 Derivatives Framework Agreement, which took effect from January 1, 2026 and valid for one year.

#### Caps for the Continuing Connected Transactions

The following annual caps in respect of the continuing connected transactions are set for the relevant transactions for the period from January 1, 2024 to December 31, 2026:

(A) In relation to the products and services contemplated under (a) the Comprehensive Agreement, (b) Land Use Rights Leasing Contract and its supplemental contract, (c) Buildings Leasing Contract (amended), and (d) the Group's financial services and currency derivative service transactions with CNPC Finance, the total annual revenue or expenditure in respect of each category of products and services will not exceed the proposed annual caps set out in the following table:

Category of Products and Services	Proposed annual caps		
	2024	2025	2026
	RMB millions		
(i) Products and services provided by the Group to the CNPC/jointly-held entities	95,900	102,900	104,100
(ii) Products and services provided by CNPC/jointly-held entities to the Group			
(a) Engineering technology services	236,400	250,000	256,800
(b) Production services	227,400	234,400	236,400
(c) Material supply services	41,900	42,800	41,900
(d) Social and living services	5,000	5,100	5,200
(e) Financial Services			
- Aggregate of the daily highest amount of deposits of the Group in CNPC and the total amount of interest received in respect of these deposits			
① CNPC Finance	65,000	65,000	65,000
② Other financial institutions	10,000	10,000	10,000
- Insurance fees, handling charges for entrusted loans, and fees and charges for settlement services and other intermediary business			
① CNPC Finance	200	200	200
② Other financial institutions	2,500	3,000	3,400
- Rents and other payments made under financial leasing	3,000	3,000	4,000
- Currency derivative service provided by CNPC Finance to the Group (in USD million) <sup>(1)</sup>	8,000	7,000	7,000
(iii) Financial services provided by the Group to the jointly-held entities	28,100	29,500	29,400
(iv) Land leases provided by CNPC to the Group <sup>(2)</sup>	16,802	11,186	5,778
(v) Rental for buildings provided by CNPC to the Group <sup>(2)</sup>	2,593	1,718	874

Note: (1) This service was provided by CNPC Finance pursuant to the Derivatives Framework Agreement. For details, please refer to the announcements published by the Company on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange on December 20, 2023, December 20, 2024 and December 19, 2025 respectively.

(2) According to the provisions of the Hong Kong Stock Exchange, the upper limit of the land and property provided by CNPC to the Group for lease from 2024 to 2026 shall be determined by reference to the annual value of the right-of-use assets. Please refer to the "Renewal of Continuing Connected Transactions in respect of 2024 to 2026" circular published on the website of the Hong Kong Stock Exchange on September 20, 2023 for basis of determining the upper limit.

(B) In relation to the Trademark Licensing Contract, the Patent and Know-how Licensing Contract and the Computer Software Licensing Contract, CNPC has granted the Company the right to use certain trademarks, patents, know-how and computer software of CNPC at nil consideration.

### Independent Non-Executive Directors' Confirmation

In relation to the continuing connected transactions undertaken by the Group in 2025, the independent non-executive Directors of the Company confirm that:

(i) the connected transactions mentioned above have been entered into during the usual course of business of the Group;

(ii) the connected transactions mentioned above have been entered into based on normal commercial terms or better terms; and

(iii) the connected transactions mentioned above have been conducted in accordance with the agreements governing such transactions and their terms are fair and reasonable and consistent with the interests of shareholders as a whole.

### Auditor's Confirmation

The auditor of the Company has audited the transactions mentioned above and has provided the Board of Directors with a letter indicating that:

(i) all the connected transactions have been approved by the Board of Directors;

(ii) all the connected transactions have been in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group in all material respects;

(iii) all the connected transactions in all material aspects have been proceeded in accordance with the terms of agreements; and

(iv) these transactions have been entered into within the cap mentioned above, if applicable.

Save as disclosed above, none of other related-party transactions set out in the note 62 of the consolidated financial statements prepared by the Company in accordance with the CAS constitutes connected transactions or continuing connected transactions that are required to be disclosed under the Hong Kong Listing Rules. The Company confirms that it has complied with the requirements of Chapter 14A of the Hong Kong Listing Rules in relation to all connected transactions and continuing connected transactions to which the Company was a party during 2025.

The information set out in the tables below is principally extracted from the financial statements of the Group prepared in accordance with CAS:

Connected sales and purchases

	Sales of goods and provision of services to related party		Purchase of goods and services from related party	
	Transaction amount	Percentage of the total amount of the type of transaction	Transaction amount	Percentage of the total amount of the type of transaction
<b>Related parties</b>	<b>RMB millions</b>	<b>%</b>	<b>RMB millions</b>	<b>%</b>
CNPC and its subsidiaries	40,176	1.40	380,673	14.73
Other related parties	126,717	4.42	128,623	4.98
Total	166,893	5.82	509,296	19.71

Connected obligatory rights and debts

Unit: RMB millions

<b>Related parties</b>	Funds provided to related party			Funds provided to the Group by related party		
	Opening balance	Occurrence amount	Closing balance	Opening balance	Occurrence amount	Closing balance
CNPC and its subsidiaries	-	-	-	148,878	6,023	154,901
Other related parties	18,346	803	19,149	-	-	-
Total	18,346	803	19,149	148,878	6,023	154,901

## CORPORATE GOVERNANCE

### 1. Corporate Governance, Environment and Social

#### (1) Corporate Governance

During the Reporting Period, the corporate governance of the Company complied with the requirements of regulatory documents on the corporate governance of listed companies issued by the regulatory authorities and stock exchanges of places where the Company is listed. Through the coordinated operation and effective check and balance of the general meeting, the Board of Directors and its committees and the management led by the President, as well as the implementation of effective internal control and management systems, the Company further standardized its internal management operations and continuously improved its management level. In accordance with the relevant provisions of the Articles of Association, the Company elected directors of the Company, adjusted members of committees of the Board, which further improved the structure of the corporate governance of the Company. Resolutions in respect of the financial reports, dividend distribution, investment plans, financial budget proposal were reviewed and passed to promote the high-quality development of the Company. The Company formulated the Administrative Measures for the Company's Market Value Management, and amended the Articles of Association, the Rules of Procedure of the General Meeting, the Rules of Procedure of the Board of Directors, Terms of Reference of the Audit and Risk Management Committee and other systems to continuously consolidate and standardize the foundation of operating system.

The Group always attaches importance to information disclosure, and strictly complies with various regulatory rules of the places of listing. The Company established

an information disclosure management system to disclose information in a timely and compliant manner, and designated specific departments responsible for handling matters relating to the disclosure of inside information, and prohibited employees from dealing or procuring others to deal in the Company's shares using inside information. During the Reporting Period, the Company timely, truly, accurately and completely disclosed various information, ensuring all shareholders of the Company enjoyed equal opportunities to access to information relating to the Company, and continuously enhanced the transparency in the corporate governance of the Company. During the Reporting Period, the Company strictly operated its business in a regularized manner in accordance with domestic and overseas regulatory requirements. Pursuant to the Articles of Association, relevant laws and regulations and the securities regulatory rules of the jurisdictions in which the Company is listed and in light of the actual conditions of the Company, the Company formulated, improved and effectively implemented the various working policies and rules of procedure for the Board and its respective committees. The internal management operation of the Company was further standardized, and the management level and the value creation ability and the market competitiveness of the Company were further improved with the implementation of effective internal control management system.

During the Reporting Period, the Company's corporate governance met the requirements set out in the normative documents relating to governance of listed companies issued by the regulatory authorities and stock exchanges of the places where the Company is listed, and no person with access to inside information was found dealing in the shares of the Company against the relevant regulations.

## (2) Performance of Environmental Protection Obligations

The Group has always integrated sustainable development concepts deeply into its strategic planning, steadfastly pursuing a green and low-carbon development path. In strict compliance with laws and regulations such as the Environmental Protection Law of the People's Republic of China, and adhering to the principle of "giving priority to environmental protection, combining prevention and control", the Group comprehensively advances ecological and environmental protection efforts, continuously improves environmental governance standards, and is committed to becoming a global benchmark for sustainable development in the industry.

Guided by the philosophy of "integration and coordination between development activities and environmental protection, giving priority to environmental protection", the Group systematically promotes the development of its environmental protection system. Through the implementation of clean production and enhanced energy saving and emission reduction management, the Group has achieved standard discharge of wastewater and waste gases in accordance with relevant requirements, a continuous reduction in total pollutant emissions, and standardized disposal of solid waste. Significant progress has been made in the construction of environmentally friendly mines. Additionally, the Group has established a robust environmental risk prevention and control system, with no relatively major or abovementioned environmental pollution and ecological damage events occurring during the Reporting Period. Details of the Group's environmental policies and performance are set out in the Company's 2025 ESG Report.

During the Reporting Period, three of the Group's major subsidiaries —Daqing Oilfield Co., Ltd., PetroChina Sichuan Petrochemical Company Limited, and Guangdong Petrochemical Co., Ltd.—were included in the list of enterprises legally required to disclose environmental information.

Detailed environmental data can be found on the Provincial Enterprise Environmental Information Legal Disclosure Websites:

Heilongjiang Province: <http://111.40.190.123:8082/eps/index/enterprise-search>

Sichuan Province: <https://103.203.219.138:8082/eps/index/enterprise-search>

Guangdong Province: <https://www-app.gdeei.cn/gdeepub/front/dal/report/list>

or can be found on the National Pollutant Discharge Permit Management Information Platform:

<http://permit.mee.gov.cn/permitExt/defaults/default-index!getInformation.action>

## (3) Performing Social Responsibilities

The Group has steadily advanced designated assistance and paired support initiatives, deeply cultivating specialty industries, improving living environments, consolidating the talent foundation, safeguarding public health, and deepening consumption assistance. We made every effort to continuously consolidate and enhance the poverty alleviation achievements in the assisted areas, continuously strengthen the endogenous development momentum of the people lifted out of poverty, and promote new achievements in advancing comprehensive rural revitalization in the assisted areas. Centering on industrial revitalization, we optimized the industrial layout based on local resource endowments, assisted in the construction of industrial projects, strengthened mechanisms that link and benefit farmers, and promoted the deep integration of primary, secondary, and tertiary industries.

According to different regional and professional needs, we collaborated with professional institutions

to develop specialty courses, enriched the teaching resources of the “Prosperity in Agriculture Lecture Hall”, and formed a customized course matrix. We conducted tailored courses for different groups such as grassroots cadres, leaders in rural revitalization, and professional and technical personnel, thereby consolidating the talent foundation for rural revitalization. We have implemented the “Teacher Training Programme” for ten consecutive years, inviting renowned teachers to conduct lessons, and selecting outstanding principals and backbone teachers for on-the-job shadowing and training, to promote regional educational development. We implemented the “Health Escort and Safeguard Action,” engaging experts from Grade-A tertiary hospitals in Beijing to conduct “remote consultations” and “send medical services to the countryside” to serve local patients and safeguard rural health.

## 2. Corporate Culture

### (1) Aligning the Group's culture with its purpose, values and strategy

The Board has established the Group's purpose, values and strategy, and satisfy itself that these and the Group's culture are aligned. All Directors shall promote and disseminate this culture throughout the Group, and reinforce the Group's values of acting lawfully, ethically and responsibly.

### (2) Culture and Values

The Group actively promotes and maintains a diversified, equal and healthy corporate culture, which vital for the Group to achieve its vision and mission towards sustainable growth. The Board is responsible for creating and maintaining a good corporate culture to guide the behaviors of its employees, and ensure that the Group's vision, values and business strategies are aligned to the corporate culture.

### (3) Integrity Value Framework

Integrity underpins the behaviors of the Group's employees in working with each other and conducting business activities with business partners. The Group has human resources management policies in place to promote a caring environment with mutual respect and inclusive atmosphere in the workplace. Regarding business ethics, the Group's Anti-Commercial Bribery Compliance Guide, Integrity and Compliance Manual, Employee Misconduct Handling Regulations and Corporate Culture Manual and other systems and regulations have defined the behavioral guidelines for its employees to ensure that the Group's values of acting lawfully, ethically and responsibly are continuously reinforced.

## 3. Improvement of Internal Control and Risk Management System

The Company attached great importance to internal control and risk management. By following the regulatory requirements of its places of listing, the Company established and effectively operated its internal control system.

During 2025, the Company focused on improving and perfecting its internal control system, continuously enhancing its ability to prevent and mitigate major risks, and effectively utilizing internal control and risk management to support and safeguard the modernization of the Company's governance system and governance capabilities. Firstly, it improved its internal control system to promote comprehensive coverage of the internal control system construction. Secondly, it strengthened risk management to improve risk prevention and control capabilities. Thirdly, it deepened process reengineering to enhance the quality and effectiveness of process management. Fourthly, it intensified supervision to enhance the execution of internal controls.

The Company strictly complied with professional financial processes and standards to ensure that financial reports be true, accurate and valid. The Company also strengthened the implementation of the information disclosure management system, the identification standards and reporting procedures for major events, and the collection, compilation and disclosure procedures for disclosable matters.

The Audit Department of the Company is responsible for organizing and coordinating the internal control tests both internally and externally, supervising the rectification, and organizing operational evaluation of the internal control system. For the exceptional matters found in the tests, by adhering to the problem-oriented approach, the Company analyzed the underlying reasons in depth and rectified the problems. All exceptional matters were rectified and no major defect was found in internal control of the financial report and the internal control system is operating effectively.

The Company values the construction and assessment of internal control system and regularly (at least once a year) report to the Board and the Audit and Risk Management Committee regarding the internal control matters and act accordingly to the arrangement made by the Board to ensure the completeness and effective operation of internal control system of the Company.

The Board is responsible for establishing and maintaining sufficient internal control systems. Upon evaluation of the internal control and risk management systems of the Group based on regulatory requirements, the Board was of the view that such systems were effective and adequate for the year ending December 31, 2025. Such annual review covered the main business, as well as major matters such as finance management and key high-risk areas. Such internal control system aims to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute warranty that there will not be any material

misrepresentation or loss. The Company will disclose its internal report and internal audit report separately. The Company had engaged KPMG Huazhen LLP which audited the effectiveness of the internal control system in relation to financial report of the Company and issued a standard and unqualified audit opinion.

Despite the risk management system developed by the Company to identify, analyze, evaluate and respond to risks, the Group's business activities may still be subject to risks that could materially affect the Company's strategy, operations, compliance and financial situation. Please refer to the "Risk Factors" section in this annual report for the main risk factors of the Company.

#### 4. Performance of Independent Directors' Duties

During the Reporting Period, the independent Directors of the Company earnestly and diligently performed their duties in accordance with the relevant domestic and overseas laws and regulations and the Articles of Association. During the Reporting Period, they reviewed the resolutions and relevant documents submitted by the Company and actively participated in the general meetings and Board meetings, Board committees meetings and independent Directors' meetings, expressed their views independently and objectively and protected the lawful interests of all shareholders of the Company, in particular, those of the non-controlling interest shareholders. Independent Directors reviewed regular reports of the Company diligently. They had discussions with auditors before and after the annual auditors come in for the audit and before Board meetings. They monitored and procured that the Company made disclosures in compliance with the relevant laws, regulations as well as information disclosure management system of the Company, thus ensuring the truthfulness, accuracy and completeness of the Company's information disclosure. During the Reporting Period, the independent Directors of the Company did not raise any objection to any resolutions

or other matters discussed at the meetings of the Board of the Company for the year.

#### (1) Attendance of meetings

For resolutions that need to be submitted to the Board of Directors for review, all independent Directors carefully read the relevant documents and materials in advance, took the initiative to obtain the relevant information, got a detailed understanding of the background of resolutions to be fully prepared for discussion and decision-making for the Board of Directors, Board committees and independent Directors' meetings, and put forward relevant independent opinions and review opinions. They actively attended meetings, carefully reviewed resolutions in meetings, actively participated in discussion, strove to give full play to their professional advantages, and provided professional opinions and recommendations through in-depth communication with the management team, supervised the implementation after meetings and learned about the progress to ensure effective implementation.

#### (2) Work seminars, communications about investigations and research

The Company's independent Directors actively fulfilled their duty of diligence by conducting on-site research, attending meetings, engaging in high-level exchanges and corresponding through letters, among other methods, proactively sought to understand the Company's operational status, financial performance, connected transactions and significant projects, and actively made recommendations for the operation of the Board of Directors and the Company's business development.

#### (3) Daily work

To perform work in compliance with laws and regulations, all independent Directors actively studied the latest policies and regulations concerning listed

companies, carefully read through the Company's internal governance system, performance reminder letter, annual work plan, the "Special Report for Directors and Supervisors" and other work materials during the annual debriefing period to understand the Company's latest work progress and perform their duties strictly in accordance with regulatory requirements. Through relevant Board meetings, they regularly listened to management reports to understand the overall situation of the Company's operation and management.

Meanwhile, all independent Directors continued to pay attention to the relevant information feedback from the regulatory authorities, investors, the media and the public, and allowing the management to fully note and understand the demands of relevant stakeholders. They especially paid close attention to matters such as caps for continuing connected transactions, the investment budget plan, and the demands of capital market investors.

### 5. Independence of the Company from the Controlling Shareholder

The Company is independent from its controlling shareholder, CNPC, in respect of business, personnel, institution, asset and finance. The Company has independent and comprehensive business operations and management capabilities in market.

### 6. Senior Management Evaluation and Incentive Scheme

During the Reporting Period, in accordance with the "Measures of Evaluation of Annual Performance of the President's Work Team", the Company evaluated the completion of the performance targets of 2025 by the President's team with reference to the achievement of the performance targets in 2025 and the financial budget and business development plan of 2026 and formulated the performance contract for the President's team for 2026. Amongst all, the "Resolution on Evaluation

of the President's Operating Results for 2025 and the Formulation of Performance Contracts for 2026" was reviewed and passed at the seventeenth meeting of the ninth session of the Board. The Company conducted, on the basis of the "Measures of Evaluation of Performance of the Management Officer of PetroChina Company Limited", appraisals on management of specialized companies, each company and headquarter department with respect to their achievement of the performance targets for 2025. Rewards and punishments were made on the basis of the performance evaluation. With reference to the financial budgets, business development plan and key tasks of the Company for 2026 as well as the positions and duties of the various management officers, the Company formulated and signed performance contracts for 2026 with the management officers.

## 7. Corporate Governance Report

### (1) Compliance with the Corporate Governance Code

For the year ended December 31, 2025, except for the deviation from code provision C.5.1 of the Corporate Governance Code (the "CG Code") set out in Appendix C1 to the Hong Kong Listing Rules, the Company has complied with all the code provisions of the CG Code.

According to code provision C.5.1 of the CG Code, the Board should meet regularly, the Board meeting should be held at least four times a year and regular Board meetings do not include obtaining Board consent through circulating written resolutions. During 2025, the Board held eight Board meetings, including three on-site and video meetings and five meetings by written resolutions. Although only three Board meetings were non-written meetings, the Board of Directors Office of the Company updates the Directors for the Group's business development and other significant matters every month; the independent non-executive Directors also actively learn about the Company's operating status, financial performance and progress of significant projects through

methods such as onsite research, attending conferences, engaging in high-level exchanges and corresponding through letters. Additionally, the Board of Directors Office of the Company provides relevant materials to each Director prior to each Board meeting (including meetings by written resolutions), inquires about their opinions on the relevant resolutions and answers Directors' enquiries. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

### (2) Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Hong Kong Listing Rules (the "Model Code"). After specific enquiries were made to all the Directors, each Director has confirmed to the Company that each of them has complied with the relevant requirements set out in the Model Code in the Reporting Period.

### (3) Board of Directors

In accordance with the provisions of the Hong Kong Listing Rules relating to the composition of the Board of Directors, at least one third of the members of the Board of Directors shall be independent non-executive Directors, and at least one of whom must possess appropriate professional qualifications or expertise in accounting or financial management. Please refer to the "Directors, Senior Management and Employees" section of this annual report for the basic information of the current Directors of the Company and changes during the Reporting Period.

Pursuant to the Articles of Association and Rules of Procedure of the Board of Directors, the Board convened eight Board meetings, including three onsite and video meetings and five meetings by written resolution in 2025.

For details of the attendance rate of Directors at onsite regular meetings of the Board during the year, please refer to the sub-section “the convening of Board meetings and issues resolved” under the “Directors’ Report” section of this annual report.

There is no relationship (including financial, business, family or other material or relevant relationship(s)) among members of the Board and between the Chairman and the President of the Company.

Mr. Zhang Yuxin has obtained the legal opinion pursuant to Rule 3.09D of the Hong Kong Listing Rules on June 5, 2025, and Mr. Zhou Xinhui, Mr. Zhou Song and Mr. Song Dayong obtained the same on December 18, 2025, and acknowledged that they understand their responsibilities as Directors.

#### (4) Operations of the Board of Directors

The Company’s Board is elected by the general meeting through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the management, ensure that the Company’s interests are protected and are accountable to the shareholders. The powers and duties of the Board and the management have been clearly specified in the Articles of Association, with the aim to provide adequate check and balance mechanism for good corporate governance and internal control. In accordance with the Articles of Association or as authorized by the general meeting, the Board makes decisions on certain important matters, including operational and investment plans; annual financial budget plans; criteria for annual assessment of the performance of members of operation teams of the Company and remuneration plans; distribution plans in respect of interim profit; and establishment of internal management institution. The remuneration of the Directors of the Company is determined by the Board as approved and authorized by the general meetings, with a calculation based on responsibilities and performances

of Directors and performance of the Group. The Directors and the Board carry out corporate governance duties in a serious and responsible manner. The Directors attend the Board meetings in a serious and responsible manner, perform their duties as Directors faithfully and diligently, make important decisions concerning the Company, appoint, dismiss and supervise the members of the operation teams of the Company. Led by the President, the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company’s day-to-day operation and management.

The Company has received a confirmation of independence from all five of the independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the five independent non-executive Directors are completely independent of the Company, its substantial shareholders and its connected persons, and fully comply with the requirements concerning independent non-executive Directors under the Hong Kong Listing Rules. Ms. Liu Xiaolei, the independent non-executive Director of the Company, has appropriate accounting and financial experience as required under Rule 3.10 of the Hong Kong Listing Rules. Please see the sub-section of the “Brief Biographies of the Directors” under the “Directors, Senior Management and Employees” section of this annual report for biographical details of Ms. Liu Xiaolei. The five independent non-executive Directors do not hold other positions in the Company. They perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations.

The Board has established five committees: the Nomination Committee, the Audit and Risk Management Committee, the Investment and Development Committee, the Examination and Remuneration Committee and the Sustainable Development Committee. The main responsibility of these committees is to provide support to the Board in decision-making. The Directors participating

in these committees focus on particular issues according to their division of labor and make recommendations on the improvement of the corporate governance of the Company.

During the Reporting Period, the Board has performed the corporate governance obligations set out below as provided in the Hong Kong Listing Rules: (a) to develop and review the Company's policies and practices on corporate governance and make recommendations; (b) to review and monitor the training and continuous professional development of Directors and senior management; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to review the Company's compliance with Corporate Governance Code and disclosure in this annual report.

The Company believes that there are sufficient mechanisms of the Company in ensuring that independent views and input are obtained by the Board, and the relevant mechanisms include: (a) the Company promulgated the Independent Directors' Management Measures, Independent Directors' Field Study Working System and provided special reports for independent non-executive Directors, to ensure independent non-executive Directors understand the Company's daily businesses, finance management and other regulatory operations; (b) sufficient time is provided to the Directors to review the relevant documents in advance in accordance with the Rules of Procedures of the Board of Directors and the Company's independent non-executive Directors asked constructive questions to the management after objective analysis and the Company shall follow up on the implementation of comments and suggestions from independent non-executive Directors after the Board meeting; (c) the longest term of the Company's independent non-executive Directors is six years; (d) the Company's non-executive Directors (excluding independent non-executive Directors) do not receive any remuneration from the Company; (e) the Nomination Committee of the Board of the Company considers the

Board composition, Directors' reputation, achievements and experience, time and energy available, and diversity policy of Directors when nominating Director candidates; (f) the auditor of the Company communicated with the Audit and Risk Management Committee of the Company on a regular basis.

#### (5) The Chairman, Vice Chairman and President

Pursuant to the Articles of Association, the primary duties and responsibilities of the Chairman are presiding over the general meetings and convening and chairing the Board meetings, supervising and checking on the implementation of Board resolutions, signing documents that shall be executed by the Chairman according to the laws, administrative regulations, the securities regulatory rules of the places where the Company's shares are listed, and as authorized by the Board; exercising special decision-making powers within the Board's authority in accordance with the laws, administrative regulations, security regulatory rules of the places where the Company's shares are listed and the Company's interest in emergency situations where force majeure or a major crisis prevents the timely convening of a meeting of the Board, and reporting to the Board to obtain retroactive ratification according to the Company's procedures; and exercising other powers conferred by the Board. Pursuant to the Articles of Association, the primary duties and responsibilities of the Vice-chairman are when the Chairman is unable to or fails to exercise his/her obligations, such obligations shall be exercised by the Vice-chairman. The primary duties and responsibilities of the President are managing production and operation of the Company, organizing the implementation of Board resolutions and reporting to the Board, organizing the implementation of annual business plans and investment plans of the Company, formulating plans for the establishment of internal management institutions of the Company, devising the basic management system of the Company, organizing and formulating specific rules and regulations of the Company, advising the Board to appoint or dismiss Senior Vice Presidents, Vice Presidents, the

Chief Financial Officer, the Chief Geologist, the Chief Engineer, the Safety Director and other senior management personnel according to the relevant articles in the Articles of Association, and performing other duties and power authorized by the Articles of Association or the Board.

#### (6) Term of Office of Directors

Pursuant to the Articles of Association, the Directors (including non-executive Directors) shall be elected at the general meeting and serve a term of three years. Upon the expiry of their terms of office, the Directors may be re-elected for another term. According to the provisions in Administrative Measures for Independent Directors of Listed Companies published by the China Securities Regulatory Commission, an independent director shall not be re-elected for more than six years.

Details of trainings attended by the current Directors and the Secretary to the Board (Company Secretary) are set out as below:

#### (7) Training Attended by Directors and Secretary to the Board (Company Secretary)

The Directors and the Secretary to the Board (Company Secretary) continued participating in professional development programs to develop and update their knowledge and skills, with a view to contribute to the Board with sufficient information and up to its requests. In 2025, the Company's independent Directors actively understood the Company's operating status, financial performance and progress of major projects through methods such as onsite research, attending conferences, high-level exchanges and correspondences. They actively made recommendations for the operation of the Board of Directors and the Company's business development, faithfully fulfilling their duty of diligence.

Names	Positions	Updates on corporate governance/legislations, rules and regulations		Accounting/finance/business management and productions and operations of the Company	
		Reading relevant materials	Attending training and seminars	Reading relevant materials	Research
Dai Houliang	Chairman	✓	✓	✓	✓
Zhou Xinhuai	Vice Chairman and Non-executive Director	✓	✓	✓	✓
Duan Liangwei	Non-executive Director	✓	✓	✓	✓
Zhou Song	Non-executive Director	✓	✓	✓	✓
Ren Lixin	Executive Director and President	✓	✓	✓	✓
Xie Jun	Non-executive Director	✓	✓	✓	✓
Zhang Daowei	Executive Director and Senior Vice President	✓	✓	✓	✓
Song Dayong	Executive Director and Senior Vice President	✓	✓	✓	✓
Jiang, Simon X.	Independent non-executive Director	✓	✓	✓	✓
Ho Kevin King Lun	Independent non-executive Director	✓	✓	✓	✓
Yan, Andrew Y	Independent non-executive Director	✓	✓	✓	✓
Liu Xiaolei	Independent non-executive Director	✓	✓	✓	✓
Zhang Yuxin	Independent non-executive Director	✓	✓	✓	✓
Wang Hua	the Secretary to the Board and Company Secretary	✓	✓	✓	✓

#### (8) Nomination Committee

As of December 31, 2025, the Nomination Committee of the Company consisted of three Directors, including two independent non-executive Directors, with Mr. Dai Houliang, the Chairman, as the chairman of the committee, and Mr. Jiang, Simon X. and Mr. Ho Kevin King Lun, the independent non-executive Directors, as members of the committee.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of Directors and senior management officers, selecting and reviewing Director and senior management officer candidates and their qualifications, and making recommendations to the Board on the following matters: nomination, appointment or removal of Directors; engagement or removal of senior management officers; and other matters stipulated by laws, administrative regulations, securities regulatory authorities of the places where the Company's shares are listed and the rules of procedures of the Board.

The Company has established a nomination policy for Directors, setting out the selection criteria and nomination procedures of Directors. The Nomination Committee, when nominating candidates for Directors, mainly considers whether he or she has qualifications for Directors, whether he or she complies with laws, administrative regulations, rules and the Articles of Association, and also assesses his or her reputation, achievements and experience, time and energy available, and diversity policy of Directors. The Nomination Committee will summarize the nominees before the meeting for consideration by the members of the committee. After receiving the nomination proposal and the candidate's personal information, the Nomination Committee will evaluate the candidate based on the above criteria to determine whether the candidate is eligible to serve as a Director.

The Board diversity policy of the Company specifies the position in upholding the diversity of the Board, and the approaches adopted by the Company to achieve such diversity. The Company acknowledges and appreciates the benefits brought from diversity of the Board, and regards the diversity of the Board as a critical factor in achieving the Company's strategic goals, maintaining its competitive strengths and achieving sustainable development. The Company considers the composition of the Board from various aspects, including talents, skills, industry experience, cultural and education background, gender, age and other factors, when deciding the composition of the Board. The appointment of all Board members is made based on the level of competence, skills and experience required for the Board to function overall.

At present, the Company's male Directors accounted for 92% and female Directors accounted for 8%. 77% of the Directors are from China's mainland, 15% are from Hong Kong, the PRC and 8% are from Macao, the PRC. Directors aged between 41 and 60 years old accounted for 67%, aged above 60 years old accounted for 33%. 67% of the Directors of the Company have a professional background in petrochemical industry, 25% of Directors have a professional background in economics, and 8% of Directors have a professional background in finance.

The Nomination Committee convened six meetings during the Reporting Period and reported to the Board in writing:

From April 24 to April 28, 2025, the ninth meeting of the ninth session of the Nomination Committee of the Company was held by way of written resolution to review the "Proposal for Nomination of the Independent Director of the Company" and passed the resolution thereon;

From June 18 to June 19, 2025, the tenth meeting of the ninth session of the Nomination Committee of

the Company was held by way of written resolution to review the “Proposal for the Supplement of Members of Specialized Committees of the Company” and passed the resolution thereon;

From September 28 to September 29, 2025, the eleventh meeting of the ninth session of the Nomination Committee of the Company was held by way of written resolution to review three resolutions, including the Proposal for the Nomination of Director Candidates of the Company, the Proposal for the Change of Members of Board Committees of the Company, the Proposal for the Nomination of the President of the Company, and passed the resolutions thereon;

From October 24 to October 29, 2025, the twelfth meeting of the ninth session of the Nomination Committee of the Company was held by way of written resolution to review the Proposal for the Nomination of Director Candidates of the Company and the Proposal for the Nomination of Senior Vice-President of the Company, and passed the resolutions thereon;

From November 28 to December 1, 2025, the thirteenth meeting of the ninth session of the Nomination Committee of the Company was held by way of written resolution to review the Proposal for the Nomination of Director Candidates of the Company, and passed the resolution thereon.

On December 18, 2025, the fourteenth meeting of the ninth session of the Nomination Committee of the Company was held by way of written resolution to review the Proposal for the Nomination of Vice-chairman of the Company and the Proposal for the Change of Members of Board Committees of the Company, and passed the resolutions thereon.

All members attended all the Nomination Committee meetings.

#### (9) Audit and Risk Management Committee

On October 30, 2025, the Audit Committee of the Board was renamed to the Audit and Risk Management Committee.

As of December 31, 2025, the Audit and Risk Management Committee of the Company consisted of three Directors, including two independent non-executive Directors, with Ms. Liu Xiaolei, an independent non-executive Director, as the chairman of the committee, Mr. Zhou Song, a non-executive Director and Mr. Jiang, Simon X., an independent non-executive Director, as members of the committee.

Under the Rules of Procedures of the Audit and Risk Management Committee of the Company, the chairman of the committee must be an independent non-executive Director.

The major responsibilities of the Audit and Risk Management Committee of the Company are: reviewing the financial information of the Company and its disclosure; supervising and evaluating the external audit work and proposing the hiring or replacement of the auditing firm; supervising and evaluating internal audit work and coordinating between internal and external audits; supervising and evaluating the internal control of the Company; exercising the powers and duties of the supervisory committee as stipulated in the Company Law; and other matters as prescribed by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed and rules of procedures of the Board.

During the Reporting Period, the Audit and Risk Management Committee held five meetings, and all resolutions have been submitted to the Board for the review of all Directors.

On March 27, 2025, the ninth meeting of the ninth session of the Audit and Risk Management Committee of the Company was held onsite and by video meeting and reviewed 8 resolutions, including the Resolution for the Annual Financial Report of the Company for 2024, the Resolution for the Profit Distribution Plan for 2024, the Resolution for Annual Report and Annual Results Announcement of the Company for 2024, the Resolution for the Continuous Assessment of Risk of CNPC Finance, the Resolution for the Report on the Company's Continuing Connected Transactions Agreements in 2024, the Resolution for the Engagement of the Domestic and Overseas Accounting Firms of the Company for 2025, the Resolution for the Report on Internal Controls of the Company in 2024, and the Resolution for the Report on Audit Work of the Company in 2024, and listened to the Report of Accounting Firms Addressed to the Audit and Risk Management Committee and passed resolutions thereon.

From April 24 to April 28, 2025, the tenth meeting of the ninth session of the Audit and Risk Management Committee of the Company was held by way of written resolution to review the Proposal for First Quarterly Report of the Company for 2025 and passed resolution thereon.

On August 25, 2025, the eleventh meeting of the ninth session of the Audit and Risk Management Committee of the Company was held onsite and by video meeting and reviewed seven resolutions, including the Resolution for the Interim Financial Report of the Company for 2025, the Resolution for the Interim Profit Distribution Proposal of the Company for 2025, the Resolution for the Company's 2025 Interim Report and Interim Results Announcement, the Resolution for the Continuous Assessment of Risk of CNPC Finance, the Resolution for the Audit Fee of the Accounting Firm for 2025, the Resolution for the Interim Report on the Continuing Connected Transactions of the Company of 2025, and the Resolution for the Interim Report on the Audit Work of the Company for 2025, listened to the Report of Accounting Firm Addressed to

the Audit and Risk Management Committee, and passed resolutions thereon.

From October 24 to October 29, 2025, the twelfth meeting of the ninth session of the Audit and Risk Management Committee of the Company was held by way of written resolution to review the Proposal for Third Quarterly Report of the Company in 2025 and passed the resolution thereon.

From December 12 to December 18, 2025, the thirteenth meeting of the ninth session of the Audit and Risk Management Committee of the Company was held by way of written resolution and reviewed four proposals, including the Resolution for the Annual Financial Budget for 2026, the Resolution for the Feasibility Analysis Report and the Annual Plan of Financial Derivative Business of the Company for 2026, the Resolution for the Company's Financial Transactions with CNPC Finance for 2026 and the Resolution for the Report on Audit Work of the Company in the Third Quarter of 2025, listened to the Report of Accounting Firm Addressed to the Audit and Risk Management Committee, and passed resolutions thereon.

All members attended Audit and Risk Management Committee meetings mentioned above.

#### (10) Investment and Development Committee

As of December 31, 2025, the Investment and Development Committee of the Company consisted of four Directors, with Mr. Zhou Xinhui, the Vice-chairman and non-executive Director, as the chairman of the committee, Mr. Ren Lixin, an executive Director and President, Mr. Xie Jun, a non-executive Director, and Mr. Yan, Andrew Y, an independent non-executive Director, as members of the committee.

The main duties and responsibilities of the Investment and Development Committee are: conducting

research on the strategic plan of the Company and making recommendations to the Board; studying the annual business development and investment plan and business development and investment adjustment plan of the Company, and making recommendation to the Board; reviewing feasibility study report and pre-feasibility study report of major investment projects that need to be decided by the Board and making recommendations to the Board; and other matters as prescribed by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed and rules of procedures of the Board.

The Investment and Development Committee convened three meetings and the resolutions by the committee have been submitted to the Board for the review of all Directors.

From June 18 to June 19, 2025, the fourth meeting of the ninth session of the Investment and Development Committee of the Company was held by way of written resolution to review the Resolution for the Participation of Taihu Company in the Capital Increase and Share Expansion Project of State Grid Xinyuan Co., Ltd. and passed the resolution thereon.

From August 19 to 25, 2025, the fifth meeting of the ninth session of the Investment and Development Committee of the Company was held by way of written resolution to review the Resolution for the Establishment of a Joint Venture with State Grid Energy Storage Technology Co., Ltd. and to Acquire 100% Equity Interest in Xinjiang Oilfield Gas Storage Co., Ltd., Xiangguosi Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd., and passed the resolution thereon.



From December 12 to December 18, 2025, the sixth meeting of the ninth session of the Investment and Development Committee of the Company was held by way of written resolution to review the Resolution for the Business Development and Investment Plan of the Company for 2026 and passed the resolution thereon.

All members attended all the Investment and Development Committee meetings.

#### (11) Examination and Remuneration Committee

As of December 31, 2025, the Examination and Remuneration Committee of the Company consisted of three Directors, including two independent non-executive Directors, with Mr. Zhang Yuxin, an independent non-executive Director, as the chairman of the committee, and Mr. Duan Liangwei, a non-executive Director, and Mr. Ho Kevin King Lun, an independent non-executive Director, as members of the committee.

The Examination and Remuneration Committee is responsible for formulating the appraisal criteria for Directors and senior management officers and conducting appraisals, formulating and reviewing the remuneration policies and schemes for Directors and senior management officers, including compensation determination mechanisms, decision-making process, payment, and recourse arrangements for termination, exercising such other functions and powers delegated by the Board, and making recommendations to the Board on the following matters: remuneration of Directors and senior management officers; formulation or changes of incentive share option schemes and the employee stock ownership plans, grant of entitlements to scheme participants, and fulfillment of exercise conditions; arrangement of share ownership plans at subsidiaries proposed to be spin-off for Directors and senior management officers; other matters stipulated by laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed and the Rules of Procedures of the Board.

The Examination and Remuneration Committee convened one meeting, and the resolution by the committee has been submitted to the Board for the review of all Directors.

From March 21 to March 27, 2025, the second meeting of the ninth session of the Examination and Remuneration Committee of the Company was held by way of written resolution to review the Resolution for the Report on Assessment of the Results of Operations by the President's Work Team for 2024 and the Formulation of President's Performance Contract for 2025 and passed the resolution thereon.

All members attended the Examination and Remuneration Committee meeting mentioned above.

#### (12) Sustainable Development Committee

As of December 31, 2025, the Sustainable Development Committee of the Company consisted of four Directors, with Mr. Ren Lixin, the executive Director and President, as the chairman of the committee, and Mr. Zhang Daowei, an executive Director, Mr. Song Dayong, an executive Director and Mr. Zhang Yuxin, an independent non-executive Director, as the members of the committee.

The main duties and responsibilities of the Sustainable Development Committee of the Company are: studying the sustainable development of the Company (including but not limited to environmental, social and governance matters), identifying and assessing major risks and impacts on the sustainable development of the Company, enhancing risk management (including that in respect of environmental, social and corporate governance); supervising the Company's commitments and performance on addressing climate change, ensuring health and safety and environmental protection and fulfilling social responsibilities in relation to key issues; examining the approach and strategies, goals, measures and relevant key issues in respect of the sustainable

development of the Company, and supervising and reviewing the implementation of the sustainable development goals; reviewing the environmental, social, and governance report and the health and safety and environmental protection report of the Company annually; monitoring important information concerning sustainable development, assessing significant impacts of environmental, social and governance issues on relevant stakeholders, monitoring the Company's relevant safety and environmental risks, formulating response measures; other matters stipulated by laws, administrative regulations, securities regulatory authorities of the places where the Company's shares are listed and the rules of procedures of the Board of Directors.

The Sustainable Development Committee convened one meeting and the resolutions were reviewed by all Directors.

From March 21 to March 27, 2025, the fourth meeting of the ninth session of the Sustainable Development Committee of the Company was held by way of written resolution to review two resolutions, including the Resolution for the ESG Report of the Company for 2024, and the Resolution for the Health, Safety and Environmental Protection Report of the Company for 2024 and passed the resolutions thereon.

All members attended the Sustainable Development Committee meeting mentioned above.

#### (13) Shareholders and General Meetings

For details of shareholders and shareholder's general meetings, please refer to "Shareholders' Rights and Shareholders' Meetings" section of this annual report.

#### (14) Supervisors and the Supervisory Committee

In accordance with regulatory requirements, the Company steadily advanced the abolition of the Supervisory Committee during the year. On December 18, 2025, the 2025 First Extraordinary General Meeting of the Company considered and approved the Resolution of the Amendments to the Articles of Association, the Rules of Procedures of the General Meeting and the Rules of Procedures of the Board of Directors of the Company and the Abolition of the Supervisory Committee of the Company, and officially abolished the Supervisory Committee. The Supervisory Committee of the Company discharged its duties diligently in accordance with the Articles of Association during its tenure, including convening Supervisory Committee meetings, attending all in-person Board meetings and regularly reporting their work to the general meeting, submitting the Supervisory Committee Report and related resolutions. In line with the spirit of accountability to all shareholders, the Supervisory Committee monitored the financial affairs of the Company and the performance of duties and responsibilities by the Directors, President and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations. The Supervisory Committee has made good recommendations to major matters of the Company including production, operation and investment projects. During its tenure, the Supervisory Committee convened four meetings, including two on-site meetings and two by way of written resolutions, and completed the review of the Company's 2024 Annual Report, 2025 First Quarterly Report, 2025 Interim Report, and 2025 Third Quarterly Report; attended two meetings of the Board of Directors as non-voting delegates, issued five written opinions of the Supervisory Committee, attended four general meetings, and submitted one proposal to the general meeting.

The table below sets out the Company's former supervisors:

Name	Gender	Age	Position	Term	Pre-tax Emoluments received from the Company in 2025 (RMB'000)	Whether received emoluments from offices held in CNPC	Number of Shares held in the Company	
							As of December 31, 2024	As of December 31, 2025
Zhou Song	M	53	Chairman of the Supervisory Committee	2024.06-2025.12	-	Yes	0	0
Zhao Ying	F	58	Supervisor	2023.06-2025.12	-	Yes	0	0
Cai Yong	M	51	Supervisor	2023.06-2025.04	-	Yes	0	0
Li Zhanming	M	52	Employee representative Supervisor	2023.06-2025.12	1,583	No	0	0
Jin Yanjiang	M	59	Employee representative Supervisor	2023.06-2025.12	1,264	No	0	0
Fang Qing	M	52	Employee representative Supervisor	2024.04-2025.08	1,246	No	0	0
Wang Binquan	M	55	Employee representative Supervisor	2024.04-2025.12	1,376	No	0	0

Note:

1. The pre-tax emoluments for 2025 above are the emoluments received from the Company as employees of the Company after being elected as the employee representative Supervisors of the Company.
2. The emoluments above are all pre-tax amounts paid by calendar year, and the emoluments include salaries and benefits such as basic pension insurance, basic medical insurance, housing provident fund, etc.



#### (15) Directors' Responsibility in Preparing Financial Statements

The Directors are charged with the responsibility to prepare the financial statements in each financial year with support from the accounting departments, and to ensure that the relevant accounting practices and policies are observed and IFRS Accounting Standards and CAS are complied with in the compilation of such financial statements in order to report the financial position of the Company in a factual and unbiased manner.

#### (16) Going Concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

#### (17) Remuneration of the Auditors

For information relating to the remuneration received by the auditors for their auditing services to the Company, please refer to the section of "Significant Events" for the part titled "Engagement and disengagement of firm of accountants" in this annual report.

#### (18) Risk Management and Internal Control

For information relating to the risk management and internal control of the Company, please refer to the sections of "Improvement of Internal Control and Risk Management System" in this annual report.

#### (19) Amendments to Articles of Association

During the Reporting Period, the Company amended the Articles of Association to implement the requirements of the New Company Law, the Transitional Period Arrangements for the Implementation of the Rules of the Supporting Systems of the New Company Law issued by the China Securities Regulatory Commission, and

other relevant laws and regulations, taking into account the actual conditions and business development needs of the Company. The amendments were considered and approved at the 2025 First Extraordinary General Meeting. For details, please refer to the circular of the Company dated October 31, 2025.

#### (20) Investor Relations

During the Reporting Period, the Company was committed to establishing good and harmonious investor relations and actively promoted communication with investors. The Company strengthened its interaction with investors through various channels such as its website, emails, telephone, and fax, earnestly received and replied to investors' visits, letters, and calls, patiently answered relevant questions and inquiries, and transformed investors' opinions and suggestions into a driving force for the sustainable development of the Company.

In addition, corporate information, annual reports, interim reports, quarterly reports, announcements, circulars, and other documents are provided on the websites of the Company, the Hong Kong Stock Exchange, and the Shanghai Stock Exchange to facilitate shareholders and investors in obtaining the latest information.

In 2025, the Company held four general meetings and three results briefings to hold in-depth exchanges with shareholders and investors mainly on core topics such as the Company's operating results, business development, and profit distribution. The relevant Directors and senior management officers of the Company also actively attended and interacted with investors.

The Company reviews its investor relations policy annually and makes appropriate adjustments when necessary to ensure that the policy remains effective and to practically safeguard the legitimate rights and interests of shareholders and investors.

The Company has reviewed the implementation and effectiveness of its investor relations policy and considers that the relevant policy has been effectively implemented through diversified communication channels during the Reporting Period.

#### (21) Others

Relevant information on corporate governance, mechanisms for assessment of performance and performance incentives and restrictions of the Company, information disclosure and transparency, the relationship between CNPC and the Company, performance of duty by independent non-executive Directors, professional and ethical code for senior management personnel and code

of conduct for staff and workers etc. can be found on the Company's website ([www.petrochina.com.cn](http://www.petrochina.com.cn)). You may access such information by following these steps:

1. From our main web page, click "Investor Relations";
2. Next, click "Corporate Governance Structure";
3. Finally, click on the information you are looking for.

The Board will review such rules in accordance with the relevant regulatory requirements and the actual circumstances of the Company on an annual basis.

## SHAREHOLDERS' RIGHTS AND SHAREHOLDERS' MEETINGS

### 1. Shareholders' rights

#### (1) Shareholders' procedures to propose to convene an extraordinary general meeting

To ensure that all shareholders of the Company enjoy equal rights and exercise their rights effectively, the Articles of Association of the Company provides that an extraordinary general meeting or class meeting may be called upon by shareholders according to the following procedures: one or more shareholders holding in aggregate 10% or above (including 10%) of the shares of the Company with voting rights is/are entitled to request the Board to convene an extraordinary general meeting or class meeting in writing. The Board shall, within ten days upon receipt of the request, make available their written comments on their agreeing or disagreeing with the convening of such extraordinary general meeting or class meeting.

If the Board agrees to convene such extraordinary general meeting or class meeting, it shall, within five days upon passing the Board resolution, serve a notice of the meeting. Consent of the relevant shareholder(s) shall be sought for any variation to the original request.

If the Board disagrees to convene such extraordinary general meeting or class meeting, or fails to respond within ten days upon receipt of the request, the individual or the shareholders holding in aggregate 10% or above (including 10%) of the shares of the Company with voting rights is/ are entitled to recommend in writing to the Audit

and Risk Management Committee to convene such extraordinary general meeting or class meeting.

If the Audit and Risk Management Committee consents to convene the extraordinary general meeting, a notice of meeting shall be issued within five (5) days after receiving the requests. Any modifications to the original proposal in the notice shall require the approval of the relevant shareholders.

If the Audit and Risk Management Committee fails to issue a notice of meeting within the required period, it shall be deemed that the Audit and Risk Management Committee failed to convene and preside over general meeting and a shareholder alone or shareholders in aggregate holding not less than ten per cent (10%) (including preferred shares with restored voting rights) of the Company's shares for not less than ninety (90) days in succession may convene and preside over such meeting.

#### (2) Procedures for putting proposals to a general meeting

Pursuant to the Articles of Association in respect of convening a general meeting, any shareholder(s) individually or jointly holding not less than one per cent (1%) of the Shares of the Company (including preferred shares with restored voting rights) may put forward any provisional proposal(s) in writing to the convener twelve working days prior to the general meeting. The convener shall, within ten days upon receipt of the proposal(s), serve

a supplemental notice of general meeting, announcing the contents of such provisional proposals and submit such provisional proposals to the general meeting for consideration. The contents of any such proposals shall fall within the purview of the general meeting, with clear and definite issues for consideration and substantive matters for resolution and in compliance with laws, administrative regulations, securities regulatory rules of the places where the Company's shares are listed and the Articles of Association.

Should any shareholder wish to make a proposal in accordance with the Articles of Association, both this annual report of the Company and the "Corporate Information" section of the Company's website provide specific contact information.

### (3) Procedures for enquiries of shareholders made with the Board of Directors

Any shareholder may make any written enquiry with the Board at any time. The administrative measures of the Company in respect of management of investors' relations provide for clear and definite procedures for enquiries. Definite guidelines in respect of contact details are also set out in this annual report of the Company and the "Corporate Information" section on the website of the Company.

A question-and-answer session is in place in any general meeting of the Company. Questions from any shareholder will be answered by the Chairman, Vice Chairman, President and independent Directors or intermediary of the Company. Forms for written questions are available to any shareholders who are not able to ask any questions due to time limitation. Such written questions will be answered in detail by the Investors' Relations Department of the Company. Shareholders may also make

more frequent use of the mailbox of the Secretary to the Board on the website of the Company. Issues of concern to shareholders are answered by the Company in a prompt manner. The Company reviewed the implementation of the relevant shareholders communication policy during the Reporting Period and believed the relevant policy is appropriate and effective.

## 2. General meetings

The Company convened 4 general meetings pursuant to the Articles of Association:

On June 5, 2025, the annual general meeting for 2024 of the Company was held onsite. The meeting voted by poll and passed eight ordinary resolutions by more than half of the affirmative votes, which were the Report of Board of Directors of the Company for the year 2024, the Report of the Supervisory Committee of the Company for the year 2024, the Financial Report of the Company for the year 2024, the Resolution for the Profit Distribution Plan of the Company for the year 2024, the Resolution to Authorize the Board of Directors to Determine the 2025 Interim Profit Distribution Plan of the Company, the Resolution on Guarantee Scheme of the Company for the year 2025, and the Resolution for the Appointment of KPMG Huazhen LLP and KPMG as the domestic and international auditors of the Company for the year 2025, and the Resolution of the Election of Mr. Zhang Yuxin as an independent non-executive Director of the Company. Three special resolutions were adopted at the meeting by more than two thirds of the affirmative votes, which were the Resolution to Unconditionally Grant a General Mandate to the Board to Determine and Deal with the Issue of Debt Financing Instruments, the Resolution to Grant the General Mandate to the Board for Repurchasing Shares of the Company, and the Resolution on the Grant of the General Mandate to the Board for Issuing New Shares of the Company.



On June 5, 2025, the first A shareholders' class meeting of 2025 of the Company was held onsite. The meeting voted by poll and passed one special resolution on the Grant of the General Mandate to the Board for Repurchasing Shares of the Company by more than two thirds of the affirmative votes.

On June 5, 2025, the first H shareholders' class meeting of 2025 of the Company was held onsite. The meeting voted by poll and passed one special resolution on the Grant of the General Mandate to the Board for Repurchasing Shares of the Company by more than two thirds of the affirmative votes.

On December 18, 2025, the first extraordinary general meeting of 2025 of the Company was held onsite.

The meeting voted by poll and passed the Resolutions on the Election of Directors of the Company by more than half of the shareholders' affirmative votes, and the Resolution of the Amendments to the Articles of Association, the Rules of Procedures of the General Meeting and the Rules of Procedures of the Board of Directors of the Company and the Abolition of the Supervisory Committee of the Company by more than two thirds of the shareholders' affirmative votes.

Please refer to the announcements published by the Company on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange, for resolutions passed at the annual general meeting and details.

## DIRECTORS' REPORT

The Board of the Company is pleased to present its Directors' report for perusal.

### 1. Review of results of operations and the business prospect of the Company during the Reporting Period

Please refer to the sections headed "Business Review", "Discussion and Analysis of Operations" and "Chairman's Report" in this annual report.

### 2. Risk Factors

In its course of production and operation, the Group actively took various measures to avoid and mitigate various types of risks. However, in practice, it may not be possible to prevent all risks and uncertainties completely.

#### (1) Industry Regulations and Tax Policies Risk

The PRC government exercises supervision and regulation over the domestic oil and natural gas industry. These regulatory measures include the obtaining of exploration and production licenses, the payment of industry-specific taxes and levies, and the implementation of environmental protection policies and safety standards, which may affect the Group's operating activities. Any future changes in the PRC governmental policies in respect of the oil and natural gas industry may also affect the Group's business operations.

Taxes and levies are one of the major external factors affecting the operations of the Group. The PRC government has been actively implementing taxation

reforms, which may lead to future changes in the taxes and levies relating to the operations of the Group, thereby affecting the operating results of the Group.

#### (2) Price Fluctuations of Oil and Gas Products Risk

The Group is engaged in a wide range of oil and gas products-related activities and part of its oil and gas products demands are met through purchases in international market. The prices of crude oil, refined products and natural gas in the international market are affected by various factors such as changes in global and regional politics and economy, demand and supply of oil and gas, as well as unexpected events and disputes with international repercussions. The domestic crude oil price is adjusted in accordance with the price changes in the international crude oil market. Domestic natural gas prices are prescribed by PRC government.

#### (3) Foreign Exchange Rate Risk

The Group conducts its business primarily in Renminbi in the PRC, but it keeps certain foreign currencies to pay for the imported crude oil, equipment and other raw materials as well as to repay financial liabilities denominated in foreign currencies. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. The exchange rates of Renminbi are affected by domestic and international economic and political changes, and demand and supply for Renminbi. Future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, which in turn would affect the operating results and financial position of the Group.

#### (4) Market Competition Risk

The Group has distinctive advantages in resources and is in a leading position in the oil and gas industry in the PRC. At present, major competitors of the Group are other large domestic oil and petrochemical producers and distributors. With the gradual opening up of the domestic oil and petrochemical market, large foreign oil and petrochemical companies have become competitors of the Group in certain regions and segments. The Group has been in a leading position in the exploration and production business of oil and gas and natural gas sales business in the PRC, but the Group is facing relatively keen competition in refining, chemicals, marketing of refined products businesses and new energy business.

#### (5) Uncertainty of the Oil and Gas Reserves Risk

According to industry characteristics and international practices, both the crude oil and natural gas reserve data disclosed by the Group are estimates only. The reliability of reserves estimates depends on a number of factors, assumptions and variables, such as the quality and quantity of technical and economic data, the prevailing oil and gas prices of the Group etc., many of which are beyond the control of the Group and may be adjusted over time. Results of drilling, testing and exploration after the date of the evaluation may also result in revision of the reserves data of the Group to a certain extent.

#### (6) Overseas Operations Risk

As the Group operates in a number of countries around the world, it is subject to the influences of different political, legal and regulatory factors prevailing in the countries of operation, including countries which are not very stable and are greatly different from developed countries in certain material aspects. The risks involved principally include instability as to political environment, taxation policies and import and export restrictions, as well as regulatory requirements and currency exchange.

#### (7) Risk Relating to Climate Change

The oil industry has been facing ever increasing challenges posed by global climate change in recent years. A number of international, domestic and regional agreements restricting greenhouse gas emission have been signed and become effective. China or other countries in which the Company operates devote to reducing greenhouse gas emission, so that the revenue and profits earned by the Group may be reduced as a result of substantial capital expenditures and taxation expenditures and increases in operating costs incurred and even the strategic investments of the Group may be subject to the unfavorable impact posed by the related laws, regulations and regulatory requirements.

#### (8) Hidden Hazards and Force Majeure Risk

Oil and gas exploration, development, storage and transportation and the production, storage and transportation of refined oil products and petrochemical products involve certain risks, which may cause unexpected or dangerous events such as personal injuries or death, property damage, environmental damage and disruption to operations, etc. With the expansion in the scale and area of operations, the hazard risks faced by the Group also increase accordingly. The Group has implemented a strict HSE management system and used its best endeavors to avoid the occurrence of accidents. However, the Group cannot completely avoid potential financial losses caused by such contingent incidents. The Group has adopted strict implementation of laws and regulations of the State, and effectively controlled the major safety and environmental hazards found. In addition, natural disasters such as earthquake, typhoon and tsunami may cause losses to properties and personnel of the Group, and may affect the normal operations of the Group.

### 3. Contingent Matters

#### (1) Bank and other guarantees

As of December 31, 2025 and 2024, the Group did not provide material guarantees to loans to other companies nor had any other material guarantee matters.

#### (2) Environmental liabilities

China has issued extensive environmental laws and regulations that affect the operation of the oil and gas. Under the existing laws and regulations, the Board of Directors believes that there are no probable environmental liabilities, except for the amounts which have already been reflected in the consolidated financial statements, which will have a material adverse effect on the financial position of the Group.

#### (3) Legal contingencies

During the Reporting Period, the Company has complied with laws, regulations and supervision provisions domestic and abroad. The Board of Directors believes that any liabilities resulting from insignificant lawsuits as well as other proceedings arising in ordinary course of business of the Group will not have a material adverse effect on the financial position of the Group.

#### (4) Group insurance

The Group carries limited insurance coverage for certain assets subject to significant operating risks, has purchased third-party liability insurance against claims relating to personal injury, property and environmental damages arising from accidents and employer's liability insurance. The effect of non-coverage on future incidents on the Group's liability cannot be reasonably assessed at present.

### 4. Projects not Funded by Proceeds from Fund Raising

Unit: RMB millions

Name of project	Total project amount	Cumulative investment	Progress of project	Project return
Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project	21,877	14,694	Construction Phase	Evaluations show that the project meets the Company's return benchmarks. As it is currently under the construction phase, the actual profitability is still subject to verification.
Xinjiang Oilfield 2.64 million KW new energy, supporting coal power, and carbon capture integrated project (Phase I)	14,574	8,306	Construction Phase	Evaluations show that the project meets the Company's return benchmarks. As it is currently under the construction phase, the actual profitability is still subject to verification.
Blue Ocean New Material Company's high-end polyolefin new material project	11,508	3,583	Construction Phase	Evaluations show that the project meets the Company's return benchmarks. As it is currently under the construction phase, the actual profitability is still subject to verification.

## 5. Operations of the Board of Directors

### (1) The convening of Board meetings and the issues resolved

During the Reporting Period, the Company convened eight Board meetings, including three onsite and video meetings, and five meetings by way of written resolutions and passed 44 Board resolutions. The details are set out as below:

No.	Title	Date	Method
1	Eleventh meeting of the ninth session of the Board	March 28, 2025	Onsite and video meeting
2	Twelfth meeting of the ninth session of the Board	April 29, 2025	By written resolutions
3	Thirteenth meeting of the ninth session of the Board	June 20, 2025	By written resolutions
4	Fourteenth meeting of the ninth session of the Board	August 26, 2025	Onsite and video meeting
5	First extraordinary meeting of the ninth session of the Board	September 28, 2025 – September 30, 2025	By written resolutions
6	Fifteenth meeting of the ninth session of the Board	October 30, 2025	By written resolutions
7	Second extraordinary meeting of the ninth session of the Board	November 28, 2025 – December 2, 2025	By written resolutions
8	Sixteenth meeting of the ninth session of the Board	December 19, 2025	Onsite and video meeting

For specific information on meetings and the relevant resolutions of the Board meetings, please refer to the announcements uploaded on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange after each Board meeting.

### (2) Composition of the current Board and attendance rate of the Board meetings in 2025

Position	Name	Number of required attendance	Attendance in person (times)	Attendance by proxy (times)
Chairman	Dai Houliang	8	8	0
Vice Chairman and non-executive Director	Zhou Xinhuai	1	1	0
Non-executive Director	Duan Liangwei	8	7	1
Non-executive Director	Zhou Song	1	0	1
Executive Director and President	Ren Lixin	8	7	1
Non-executive Director	Xie Jun	8	7	1
Executive Director and Senior Vice President	Zhang Daowei	8	6	2
Executive Director and Senior Vice President	Song Dayong	1	0	1
Independent non-executive Director	Jiang, Simon X.	8	8	0
Independent non-executive Director	Ho Kevin King Lun	8	8	0
Independent non-executive Director	Yan, Andrew Y	8	7	1
Independent non-executive Director	Liu Xiaolei	8	7	1
Independent non-executive Director	Zhang Yuxin	6	6	0

(3) Attendance of the Current Directors at General Meetings for the Year 2025

Position	Name	Number of Required Meetings	Attendance in Person (times)
Chairman	Dai Houliang	2	2
Vice Chairman and non-executive Director	Zhou Xinhuai	1	1
Non-executive Director	Duan Liangwei	2	1
Non-executive Director	Zhou Song	0	0
Executive Director and President	Ren Lixin	2	2
Non-executive Director	Xie Jun	2	1
Executive Director and Senior Vice President	Zhang Daowei	2	1
Executive Director and Senior Vice President	Song Dayong	1	1
Independent non-executive Director	Jiang, Simon X.	2	1
Independent non-executive Director	Ho Kevin King Lun	2	0
Independent non-executive Director	Yan, Andrew Y	2	0
Independent non-executive Director	Liu Xiaolei	2	1
Independent non-executive Director	Zhang Yuxin	1	1

(4) The implementation of Annual General Meetings' resolutions by the Board of Directors

All members of the Board have conscientiously and tirelessly performed their duties, implemented the resolutions passed at the annual general meetings and accomplished all tasks as authorized by the annual general meeting according to the relevant laws, regulations and rules of the respective jurisdictions where Company's shares are listed and the provisions as set out in the Company's Articles of Association.

(5) Work of the Board committees of the Board of Directors

During the Reporting Period, for the convening and attendance of meetings of the Nomination Committee, the Audit and Risk Management Committee, the Investment and Development Committee, the Examination and Remuneration Committee and Sustainable Development Committee of the Company, reference can be made to the relevant parts under the "Corporate Governance" Section of this annual report.

## 6. Five-Years Financial Summary

For the summary of the results and of the assets and liabilities of the Group for the last five financial years, please refer to the sub-section "Key Financial Data Prepared under IFRS Accounting Standards" under the section "Summary of Financial Data and Financial Indicators" of this annual report.

## 7. Bank Loans and Other Borrowings

Details of bank loans and other borrowings of the Company and the Group as of December 31, 2025 are set out in Note 29 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

## 8. Interest Capitalization

Interest capitalized by the Group for the year ended December 31, 2025 was RMB763 million.

## 9. Fixed Assets

Changes to the fixed assets of the Company and the Group during the year are summarized in Note 16 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

## 10. Land Value Appreciation Tax

There was no substantial land value appreciation tax payable by the Group during the year.

## 11. Shares

The Company did not issue any Shares during the Reporting Period.

## 12. Bonds

For information relating to the bonds issued by the Company, please refer to the section "Relevant Information on Bonds" in this annual report.

## 13. Reserves

Details of changes to the reserves of the Company and the Group for the year ended December 31, 2025 are set out in Note 31 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

## 14. Distributable Reserves

As of December 31, 2025, the reserves of the Company that can be distributed as dividends were RMB843.880 billion.

## 15. Management Contract

During the Reporting Period, the Company did not enter into any management contracts concerning the management or administration of its overall business or any of its material business, nor did any such management contract exist.

## 16. Major Suppliers and Customers

The aggregate purchase attributable to the five largest suppliers of the Group accounted for approximately 29% of the Group's total purchase in 2025, among which the purchase attributable to the largest supplier of the Group accounted for approximately 17% of Group's total purchase. The aggregate revenue derived from the major customers is set out in Note 37 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report. The aggregate revenue derived from the five largest customers accounted for approximately 9% of the Group's total sales.

During the Reporting Period, all the five largest suppliers and the five largest customers of the Company, except for CNPC and PipeChina (the Group's associated company), are the independent third parties.

## 17. Repurchase, Sale or Redemption of Securities

Except as described in section "Relevant Information on Bonds" section of this annual report, the Group did not sell any securities of the Company, nor did it repurchase or redeem any of the securities of the Group during the twelve months ended December 31, 2025.

## 18. Trust Deposits and Irrecoverable Overdue Time Deposits

As of December 31, 2025, the Company did not have trust deposits or irrecoverable overdue time deposits.

## 19. Pre-emptive Rights

There is no provision regarding pre-emptive rights under the Articles of Association or the PRC laws.

## 20. Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the Hong Kong Listing Rules during the last practicable date prior to the publication of this annual report.

## 21. Equity-linked Agreement

During the reporting period, there were no subsisting equity-linked agreements that (i) will or may result in the Company issuing shares; or (ii) will require the Company to enter into any agreement that will or may result in the Company issuing shares.

## 22. Relationships with Employees, Customers and Suppliers

For details regarding the Group's employee situation, remuneration policy, and training programs, please refer to the sections headed "Employees of the Group", "Employee Remuneration Policy", "Employee Welfare Plans", and "Employee Training" in this annual report. For the relationship between the Group and its major suppliers and customers, please refer to the section headed "Major Suppliers and Customers" in this report.

## 23. Donations

During the Reporting Period, the Company's donations amounted to approximately RMB577 million, of which RMB271 million was for rural revitalization, RMB114 million was for education, RMB29 million was for disaster relief, RMB11 million was for environmental protection and RMB152 million was for other public welfare purposes.

## 24. Technological Innovation

The Group takes innovation as the first strategy of its development, adheres to the orientation of technology development of "developing the business and giving priority to science and technology, supporting the present and leading the future", continuously strengthens the construction of the technology innovation system. We have obtained a number of landmark achievements in energy and chemical technology innovation, which strongly supports and leads the development of the main business.

In 2025, the Group spent RMB27,251 million in research and development, representing 1.0% of the operating income of the Group. The ratio of research and development input capitalization was 13.6%. The Group obtained 2,042 patents in the PRC. As of December 31, 2025, the Company owned a total of 23,075 patents obtained in the PRC and overseas.

By Order of the Board  
Dai Houliang  
Chairman  
Beijing, the PRC  
March 27, 2026

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### 1. Information on the Directors, and Senior Management

#### (1) Directors

Information on the current Directors is set out below:

Name	Gender	Age	Position	Term	Pre-tax Emoluments received from the Company in 2025 (RMB'000)	Whether received from offices held in CNPC	Number of Shares held in the Company	
							As of December 31, 2024	As of December 31, 2025
Dai Houliang	M	62	Chairman	2023.06-2026.06	-	Yes	0	0
Zhou Xinhui	M	55	Vice Chairman and Non-executive Director	2025.12-2026.06	-	Yes	0	0
Duan Liangwei	M	58	Non-executive Director	2023.06-2026.06	-	Yes	0	0
Zhou Song	M	53	Non-executive Director	2025.12-2026.06	-	Yes	0	0
Ren Lixin	M	58	Executive Director and President	2023.06-2026.06	1,037	No	0	0
Xie Jun	M	58	Non-executive Director	2023.06-2026.06	-	Yes	0	0
Zhang Daowei	M	53	Executive Director and Senior Vice President	2023.11-2026.06	1,034	No	0	0
Song Dayong	M	53	Executive Director and Senior Vice President	2025.12-2026.06	0	No	0	0
Jiang, Simon X.	M	72	Independent non-executive Director	2023.06-2026.06	596	No	0	0
Ho Kevin King Lun	M	50	Independent non-executive Director	2023.06-2026.06	554	No	0	0
Yan, Andrew Y	M	68	Independent non-executive Director	2024.11-2026.06	340	No	0	0
Liu Xiaolei	F	52	Independent non-executive Director	2024.11-2026.06	397	No	0	0
Zhang Yuxin	M	63	Independent non-executive Director	2025.06-2026.06	38	No	0	0

Note:

1. The emoluments above are all pre-tax amounts paid by calendar year, and the emoluments of the executive Directors includes salaries and benefits such as basic pension insurance, basic medical insurance, housing provident fund, etc.
2. Except the independent non-executive Directors, other Directors do not receive Directors' emoluments in the capacity of Director from the Company. The emoluments of the independent non-executive Directors consist of two components, namely, salaries and meeting attendance allowance. The emoluments level of the independent non-executive Directors of the Company is set with reference to the overall market situation and the level of emoluments of independent non-executive Directors of listed companies in comparable industry.

## Brief Biographies of Directors:

**Dai Houliang**, aged 62, is the chairman of the Company and chairman and the Party secretary of CNPC. Mr. Dai is a professor-level senior engineer with a doctorate degree, a member of the 14th Session of the National Committee of the Chinese People's Political Consultative Conference, a member of the subcommittee of Human, Resources and Environment Committee and an academician of the Chinese Academy of Engineering. From December 1997, he successively served as deputy general manager of Yangzi Petrochemical Corporation, director, deputy general manager, vice chairman, general manager, chairman and a member of the standing Party committee of Yangzi Petrochemical Co., Ltd., deputy chief financial officer, vice president, director, senior vice president, chief financial officer, vice chairman, president and chairman of China Petroleum & Chemical Corporation ("Sinopec"). He served as a member of the Party committee of China Petrochemical Corporation in June 2008, the general manager, director, deputy Party secretary of Sinopec Group in May 2016, and the chairman of the board and the Party secretary of Sinopec Group in July 2018. Mr. Dai has been appointed as the chairman of the Board and the Party secretary of CNPC since January 2020 and a Director and the chairman of the Board since March 2020.

**Zhou Xinhui**, aged 55, is the vice-chairman of the Company, a director, general manager and deputy secretary of the Party committee of CNPC. Mr. Zhou is a professor-level senior engineer with a doctorate degree, with extensive work experience in the petroleum industry. Mr. Zhou served as chief geologist of the CNOOC East China Sea Petroleum Administrative Bureau (CNOOC (China) Limited Shanghai Branch) in March 2017, general manager of the exploration department of CNOOC Limited in October 2019, and general manager and secretary of the Party committee of CNOOC (China) Limited Hainan Branch in March 2021. He was appointed deputy general manager and member of the Party committee of China National Offshore Oil Corporation ("CNOOC") in March

2022, concurrently serving as director and chief executive officer of CNOOC Limited in April 2022, president of CNOOC Limited from June 2023, director, general manager and deputy secretary of the Party committee of CNOOC in March 2024 and director, general manager and deputy secretary of the Party committee of CNPC in August 2025. He has been appointed as a Director since December 2025.

**Duan Liangwei**, aged 58, is a Director of the Company, director and deputy Party secretary and head office Party secretary of CNPC. Mr. Duan is a professor-level senior engineer with a doctorate degree. From February 2006, Mr. Duan successively served as the deputy general manager, safety director, and member of the Party committee of Jilin Petrochemical Company, the general manager and deputy Party secretary of Dagang Petrochemical Company, the general manager and deputy Party secretary of Dalian Petrochemical Company. He was appointed as deputy general manager of CNPC in March 2017 and safety director of CNPC in April 2017. Mr. Duan has been appointed as a Director since June 2017. He was appointed as a member of the Party committee of CNPC in September 2019. Mr. Duan was appointed as the president of the Company in March 2020. He has been appointed as a director and deputy Party secretary of CNPC since September 2020 and head office Party secretary of CNPC since October 2020.

**Zhou Song**, aged 53, is a Director and concurrently serves as a member of the Party committee and chief accountant of CNPC. Mr. Zhou is a senior economist with a master's degree. From June 2010, Mr. Zhou served successively as the general manager of the planning and finance department, the business director and general manager of the assets and liabilities management department, the president of the general office of investment banking and financial market business and the general manager of the assets management department of the head office of China Merchants Bank Co. Ltd. ("CMB"), and vice chief accountant of China Merchants Group Ltd, the chairman of the supervisory

committee of China Merchants Shekou Industrial Zone Holdings Co., Ltd., a member of the Party committee and chief accountant of China Merchants Group Limited and served as a non-executive director of CMB from October 2018. He has served as a member of the Party committee and chief accountant of CNPC since December 2023, and served as a supervisor and the chairman of the supervisory committee of the Company from June 2024 to October 2025. He has been appointed as a Director since December 2025.

**Ren Lixin**, aged 58, is a Director and the vice president of the Company, a member of the Party committee, the vice president and safety supervisor of CNPC. Mr. Ren is a professor-level senior engineer with a bachelor's degree. From September 2005, Mr. Ren successively served as a member of the Party committee, the deputy general manager, the general manager, deputy Party secretary and safety director of Dushanzi Petrochemical Company, the general manager and deputy Party secretary of the Refinery and Chemical Company of the Company. He has been appointed as a member of the Party committee and deputy general manager of CNPC since June 2021. He has been appointed as the senior vice president of the Company since August 2021 and a Director since October 2021. He has been appointed as the president of the Company since September 2025.

**Xie Jun**, aged 58, is a Director of the Company, a member of the Party committee and deputy general manager of CNPC and the director-general of CNPC Consulting Center. Mr. Xie is a professor-level senior engineer with a bachelor's degree. From August 2013, he served successively as a member of the Party committee, the deputy general manager, the executive deputy general manager, the Party secretary and general manager of Southwest Oil and Gas Field Company, the general manager of the development and planning department of CNPC and the Company. He has been appointed as a member of the Party committee and deputy general manager of CNPC since January 2022 and the director-general of CNPC Consulting Center since March 2022. He

has been appointed as a Director since June 2022.

**Zhang Daowei**, aged 53, is a Director and senior vice president of the Company, member of the Party committee and deputy general manager of CNPC. Mr. Zhang is a professor-level senior engineer with a doctorate degree. From December 2015, he served successively as the deputy general manager and executive deputy general manager of Qinghai Oilfield Company, the secretary of the Party Committee, general manager and executive director of Southwest Oil and Gas Field Company, the general manager and executive director of the Company's Exploration and Production Company, and the executive director of the Company's Oil, Gas and New Energy Company. He has been appointed as the Vice President of the Company since June 2022. He has been appointed as a member of the Party committee and deputy general manager of CNPC since May 2023. He has been appointed as the senior vice president of the Company since June 2023. He has been appointed as a Director since November 2023.

**Song Dayong**, aged 53, is a Director and senior vice president of the Company and concurrently serves as a member of the Party committee and deputy general manager of CNPC. Mr. Song is a professor-level senior engineer with an in-service master's degree. From April 2018, Mr. Song served as deputy general manager, managing deputy general manager, executive director, secretary of the Party committee and safety supervisor of Harbin Petrochemical Branch. He served as general manager and deputy secretary of the Party committee of Fushun Petrochemical Branch from June 2022, and executive director and secretary of the Party committee of FPB from March 2023. He was appointed general manager (director) of the Production and Operation Management Department (Smart Operation Center) of the Company in March 2025, and member of the Party committee and deputy general manager of CNPC in October 2025. He has been appointed as the Company's senior vice president since October 2025 and a Director since December 2025.

**Jiang, Simon X.**, aged 72, is an independent non-executive Director of the Company and has been an independent non-executive director of COSCO Shipping International (Hong Kong) Co., Ltd. since April 2007. He is the chairman of Cyber City International Limited, a director of China Foundation for Disabled Persons, a senior associate at the Judge Business School of the Cambridge University of England and a member of the United Nations Investments Committee. Mr. Jiang received his bachelor's degree from Beijing Foreign Studies University, master's degree from Australian National University and doctorate degree in economics from the Cambridge University of England. Mr. Jiang has investment management experience. Mr. Jiang was the deputy chief of United Nations Joint Staff Pension Fund Investment Management and has worked as a member of its Investment Committee till now. He was a member of the 11th and 12th Sessions of the National Committee of the Chinese People's Political Consultative Conference, an independent director of China Oilfield Services Limited, Greenland Hong Kong Holdings Limited, Nokia Corporation and Sinopec. Mr. Jiang has been appointed as an independent non-executive Director since June 2020.

**Ho Kevin King Lun**, aged 50, is currently an independent non-executive Director of the Company. He is a director of Macau Tai Fung Bank Company Limited, director of Macau KNJ Investment, chairman of Macao Juvenile Venture International Group, and independent non-executive director of Asia Pioneer Entertainment Holdings Limited. Mr. Ho received a doctorate degree and is a deputy of the 13th and 14th National People's Congress. Mr. Ho served as a senior executive at Hong Kong Cathay Pacific Airways Limited in March 2000. Mr. Ho has been appointed as a director of Macau Tai Fung Bank Company Limited since March 2008, a director of Macau KNJ Investment since May 2012, and the chairman of Macao Juvenile Venture International Group since May 2017 and an independent non-executive director of Asia Pioneer Entertainment Holdings Limited since October 2017. He has been appointed as an independent non-executive Director since June 2023.

**Yan, Andrew Y.**, aged 68, is currently an independent non-executive Director of the Company. He is a founding managing partner of SAIF Partners and an independent non-executive director of Guoyuan Securities Company Limited, Qifu Technology, Inc., ATA Creativity Global and East Buy Holding Limited. Mr. Yan holds a master's degree and served as an economist of the World Bank, a researcher of the Hudson Institute in the U.S., a director of Sprint International Corporation, a managing director of AIG Asian Infrastructure Funds and the president and executive managing director of Softbank Asia Infrastructure Fund. He served as an independent director at several companies successively, including China Oilfield Services Limited, BlueFocus Intelligent Communications Group Co., Ltd., China Resources Land Limited, TCL Technology Group Corporation, Sinopec, China Southern Airlines Company Limited and director at Huize Holding Limited. He has served as the founding managing partner at Softbank Asia Infrastructure Fund Management Company (currently named as SAIF Partners) since 2004, an independent director of ATA Creativity Global since November 2006, an independent director of Qifu Technology, Inc. since July 2019 and an independent director of Guoyuan Securities Company Limited since December 2022. He has been appointed as an independent non-executive Director since November 2024. He has been appointed as an independent non-executive director of East Buy Holding Limited since January 2025.

**Liu Xiaolei**, aged 52, is currently an independent non-executive Director of the Company. Concurrently, she is a deputy director of the faculty of Economics & Management Department of Peking University and chair of the Finance Department and a professor of Finance and Accounting Department at Guanghua School of Management, as well as an independent director of Bank of China Limited. Ms. Liu received a doctorate degree. She successively served as an associate professor at Hong Kong University of Science and Technology, an independent director of Tianjin Youfa Steel Pipe Group Co., Ltd., Chasing Securities Co., Ltd., FIL Fund Management (China) Company Limited and

First Capital Securities Co., Ltd., etc. She has served as a professor at Guanghua School of Management, Peking University since December 2014, the chair of the Finance Department at Guanghua School of Management, Peking University since November 2015 and the deputy director of the faculty of Economics & Management Department, Peking University since May 2022. She has served as an independent director of Bank of China Limited since March 2024, and an independent director of COFCO Capital Holdings Co., Ltd. since May 2025. She has a long-standing background in the research and practice of risk governance in listed companies, risk management in financial institutions, and sustainable development. She has been appointed as an independent non-executive Director since November 2024.

**Zhang Yuxin**, aged 63, is an independent non-executive Director and an independent director of Ning Xia Yin Xing Energy Co., Ltd.. He is a professor-level senior engineer with a doctorate degree and has extensive work experience in the power and energy industry. He served as deputy director-general of the international cooperation bureau under the State Power Corporation and deputy director of the international cooperation department

under the State Power Corporation; in January 2003, he served as director of the general manager's office of China Guodian Corporation ("Guodian Group"); in May 2003, he concurrently served as the director of the international cooperation department under the Guodian Group; in December 2003, he concurrently served as the director of the institutional reform office of Guodian Group; in November 2006, he served as assistant of the general manager of Guodian Group; in October 2008, he served as the chairman of Guodian Group's Central China branch; in November 2008, he concurrently served as the chairman of CHN Energy Changyuan Electric Power Co., Ltd.; in May 2011, he served as assistant of the general manager of Guodian Group and the chairman of CHN Energy Changyuan Electric Power Co., Ltd.; in May 2016, he served as assistant of the general manager and the secretary to the Board of Guodian Group; in May 2018, he served as assistant of the general manager and the secretary to the Board of China Energy Investment Corporation Limited ("China Energy"); in July 2018, he concurrently served as spokesperson for China Energy. He has been appointed as an independent non-executive Director since June 2025.

Information on resigned of Directors of the Company is set out below:

Name	Gender	Age	Position	Term	Pre-tax Emoluments received from the Company in 2025 (RMB'000)	Whether received emoluments from offices held in CNPC	Number of Shares held in the Company	
							As of December 31, 2024	As of December 31, 2025
Zhang Laibin <sup>Note</sup>	M	64	Non-executive Director	2023.06-2025.03	0	No	0	0
Hou Qijun	M	59	Vice President	2023.06-2025.06	-	Yes	0	0
Huang Yongzhang	M	59	Executive Director and President	2023.06-2025.09	543	No	0	0

Note: Mr. Zhang Laibin voluntarily waived all the emoluments of the year.

## (2) Senior Management

Information on current members of the senior management is set out below:

Name	Gender	Age	Position	Term	Pre-tax emoluments received from the Company in 2025 (RMB'000)	Whether received emoluments from offices held in CNPC	Number of Shares held in the Company	
							As of December 31, 2024	As of December 31, 2025
Zhu Guowen	M	59	Vice President	2023.06-2026.06	1,708	No	0	0
Wan Jun	M	60	Vice President	2023.06-2026.06	1,759	No	0	0
Wang Hua	M	52	Chief Financial Officer, secretary to the Board and the Company Secretary	2023.06-2026.06	1,752	No	0	0
Li Ruxin	M	59	Vice President	2023.06-2026.06	1,752	No	0	0
He Jiangchuan	M	60	Vice President	2023.06-2026.06	1,752	No	0	0
Jiang Tongwen	M	57	Chief Geologist	2023.06-2026.06	1,752	No	0	0
Yang Weisheng	M	53	Chief Engineer	2023.06-2026.06	1,716	No	0	0
Shen Fuxiao	M	56	Chief Safety Officer	2024.03-2026.06	1,752	No	0	0

Note: The emoluments are all pre-tax amounts paid by calendar year, and the emoluments include salaries and benefits such as basic pension insurance, basic medical insurance, housing provident fund, etc.

## Brief Biographies of the Senior Management:

**Zhu Guowen**, aged 59, is the vice president of the Company, the executive director of Daqing Oilfield, and executive director of Daqing Petroleum Administration Bureau. Mr. Zhu is a professor-level senior engineer with a doctorate degree. Since March 2010, he has successively served as the plant manager and deputy general manager of the First Production Plant of Daqing Oilfield, General Manager of Zhejiang Oilfield Company and the General Manager of Daqing Oilfield. He served as the executive director of Daqing Oilfield and executive director of Daqing Petroleum Administration Bureau in June 2021 and was appointed as the vice president of the Company in July 2021.

**Wan Jun**, aged 60, the vice president of the Company. Mr. Wan is a professor-level senior engineer with a doctorate degree. Since February 2006, he has successively served as the plant manager of the First Production Plant of Daqing Oilfield, the vice president, safety director, executive vice president of Daqing Oilfield, the president of Liaohe Oilfield Company and the president of the Company's Exploration and Production Company. He served as the president of Development and Planning Department of CNPC and the Company from January 2022 to December 2025. He successively served as the chairman of PetroChina (Beijing) Digital Intelligence Research Institute from January 2024 to May 2024. He was appointed as the vice president of the Company in June 2022.

**Wang Hua**, aged 52, the chief financial officer, secretary to the Board and the company secretary of the Company. Mr. Wang is a professor-level senior accountant with a master's degree. Since October 2016, he has successively served as the chief financial officer of CNPC Capital Co., Ltd., the vice president of Finance Department of the CNPC and the Company, and president of the Finance Department of the Company. He was appointed as the chief financial officer of the Company and secretary to the Board in June 2022. He was appointed as the company secretary of the Company in August 2022.

**Li Ruxin**, aged 59, the vice president of the Company, and executive director of the Company's refining chemicals and new materials company. Mr. Li is a professor-level senior economist with a doctorate degree. Since October 2003, He has successively served as the deputy manager of Lanzhou Chemical Industry Company, the deputy general manager of Lanzhou Petrochemical Company, the deputy general manager of Ningxia Petrochemical Company, the general manager of Changqing Petrochemical Company, the executive director of Lanzhou Petrochemical Company, the general manager and the executive director of the Company's Refining and Chemical Company and was appointed as the executive director of the Refining, Chemical and New Materials Company in August 2022. In June 2023, he was appointed as a vice president of the Company.

**He Jiangchuan**, aged 60, the vice president of the Company, and the executive director of Oil, Gas and New Energy Company. Mr. He is a professor-level engineer with a doctorate degree. Since December 2007, he has successively served as the vice president of Exploration and Production Company, the executive vice president of Tarim Oilfield Company, and the general manager and executive director of the Changqing Oilfield Company, the general manager of the Oil, Gas and New Energy Company and a Supervisor of the Company. In May 2023, he became an executive director of the Oil, Gas and New Energy Company. In June 2023, he was appointed as a vice president of the Company.

**Jiang Tongwen**, aged 57, the chief geologist of the Company and the executive director and president of the exploration and development research institute of the Company. Mr. Jiang is a professor-level senior engineer with a doctorate degree. Since December 2015, he has been the deputy general manager of Tarim Oilfield Company, the deputy general manager and the general manager of exploration and production branch company. He served as the general manager of the science and technology management department of CNPC and of the Company from June 2022 to December 2025. He has been appointed as the executive director and president of the exploration and development research institute of the Company since December 2025. In June 2023, he was appointed as the chief geologist of the Company.

**Yang Weisheng**, aged 53, the chief engineer of the Company, and an executive director and president of the Petrochemical Research Institute of the Company, and an executive director and general manager of CNPC Petrochemical Research Institute Limited. Mr. Yang is a professor-level senior engineer with a master's degree. Since December 2012, he has been the senior expert of China Petrochemical Corporation, vice president of Sinopec Shanghai Petrochemical Research Institute, vice president of Petrochemical Research Institute, executive director and president of PetroChina Shanghai New Materials Research Institute. He was appointed as an executive director and president of the Company's petroleum and chemical industry research institute in June 2022. In December 2022, he was appointed as the executive director and general manager of CNPC Petrochemical Research Institute Company Limited. In June 2023, he was appointed as the chief engineer of the Company.

**Shen Fuxiao**, aged 56, the chief safety officer of the Company, the deputy safety director of CNPC and the general manager of quality, health, safety and environmental protection department of CNPC and the Company. Mr. Shen is a professor-level senior engineer with master's degree. Since November 2017, he has

been the deputy general manager and safety director of Changqing Oilfield Company, the deputy general manager, safety director, general manager and executive director of Tarim Oilfield Company. In October 2023, he was appointed as the general manager of the quality, health, safety and environmental protection department of CNPC and the Company. In December 2023, he was appointed as the deputy director of safety of CNPC. In March 2024, he was appointed as the chief safety director of the Company.

## 2. Change in Directors and the Senior Management

On March 30, 2025, Mr. Zhang Laibin resigned as an independent non-executive Director of the Company, the Chairman of the Examination and Remuneration Committee of the Board and a member of the Sustainable Development Committee of the Board due to work arrangements.

On June 5, 2025, the annual general meeting for 2024 of the Company was held on site. Mr. Zhang Yuxin was elected as an independent non-executive Director of the Company, with immediate effect until the expiry of the term of the ninth session of the Board.

On June 18 to June 20, 2025, the thirteenth meeting of the ninth session of the Board of Directors was held by way of written resolutions, and a resolution was passed with effect on June 20, 2025. The Board approved Mr. Zhang Yuxin as the Chairman of the Examination and Remuneration Committee and a member of the Sustainable Development Committee.

On June 30, 2025, due to work adjustments, Mr. Hou Qijun resigned as a non-executive Director, the Vice-chairman and the Chairman of the Investment and Development Committee.

On September 19, 2025, due to work adjustments, Mr. Huang Yongzhang resigned as an executive Director, President, member of the Investment and Development Committee and chairman of the Sustainable Development Committee.

On September 29 to 30, 2025, 2025 first extraordinary general meeting of the ninth session of the Board was held by way of written resolutions, and the resolutions were passed with effect on September 30, 2025. The Board approved the appointment of Mr. Ren Lixin as the President of the Company, with a term of office in line with the ninth session of the Board, and Mr. Ren Lixin as Chairman of the Sustainable Development Committee of the Board and member of the Investment and Development Committee.

On October 24-30, 2025, the fifteenth meeting of the ninth session of the Board was held by way of written resolutions, and an effective resolution was formed on October 30, 2025. The Board approved the appointment of Mr. Song Dayong as the senior Vice President of the Company, with a term of office in line with the ninth session of the Board.

On December 18, 2025, the first extraordinary meeting in 2025 was held on site. Mr. Zhou Xinhuai, Mr. Zhou Song and Mr. Song Dayong were elected as Directors of the Company with immediate effect until the expiry of the term of the ninth session of the Board.

On December 19, 2025, the sixteenth meeting of the ninth session of the Board was held by way of onsite and video meeting. Mr. Zhou Xinhuai was elected as the vice-Chairman of the Company, with a term of office in line with the ninth session of the Board.

On December 19, 2025, the sixteenth meeting of the ninth session of the Board was held by way of onsite and video meeting and the resolution was passed with effect.

The Board approved the appointment of Mr. Zhou Xinhui as the chairman of the Investment and Development Committee, Mr Zhou Song as a member of the Audit and Risk Management Committee and Mr. Song Dayong as a member of the Sustainable Development Committee.

### 3. Interests of Directors and chief executive in the Share Capital of the Company

As of December 31, 2025, none of the Directors or chief executive had any interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the SFO required to be recorded in the register mentioned under Section 352 of the SFO or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and senior management pursuant to the Model Code.

### 4. Service Contracts of Directors

The Company has issued appointment letters to all Directors for a term of three years.

No Director has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation other than statutory compensation.

### 5. Interests of Directors in Contracts

None of the Directors or any entity related to the Directors had any material interest, either directly or

indirectly, in any transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party to during the year.

### 6. Permitted Indemnity Provisions

During the Reporting Period, the permitted indemnity provisions to the benefit of the Directors continued to be effective and the Company has arranged appropriate liability insurance for Directors and the senior management.

### 7. Remuneration Policy of the Senior Management

Each member of the senior management of the Company has entered into a performance agreement with the Company. The Company's senior management remuneration policy links financial interests of the senior management with the Group's operating results.

### 8. Employees of the Group

As of December 31, 2025, the Group had 367,173 employees (excluding 218,242 temporary and seasonal staff). The percentage of male and female employees (including senior management) of the Group was 78.8% and 21.2% respectively. The Group provided fair treatment to all employees regardless of their gender and strictly implement regulations on maternity leave entitlements and breastfeeding breaks to protect the rights and interests of our female employees.

The number of employees for each of the operation segment as of December 31, 2025 is set out below:

	Number of Employees	Percentage of total number of employees (%)
Oil, Gas and New Energy	217,869	59.4
Refining, Chemicals and New Materials	113,671	31.0
Marketing	25,643	6.9
Natural Gas Sales	3,451	0.9
Headquarters and Others <sup>(1)</sup>	6,539	1.8
Total	367,173	100.0

Note: (1) Others includes staff of the Company's headquarters agencies, international careers, Exploration & Development Research Institute, Planning & Engineering Institute, Petrochemical Research Institute and other units.

The employee structure by profession as of December 31, 2025 is set out below:

	Number of Employees	Percentage of total number of employees (%)
Administration	107,478	29.3
Technology	66,099	18.0
Technical operation	193,596	52.7
Total	367,173	100.0

The education levels of employees as of December 31, 2025 is set out below:

	Number of Employees	Percentage of total number of employees (%)
Master and above	25,441	6.9
Bachelor	151,142	41.2
Polytechnic college	79,001	21.5
Technical secondary and below	111,589	30.4
Total	367,173	100.0

## 9. Employee Remuneration Policy

The Group has various equitable and competitive remuneration systems to cater for different positions in place. An annual salary system is adopted for the management, a positional wage system for managements and a positional skill-based wage system for operators and workers. In addition, subsidies are offered to those

who possess more sophisticated technical and working skills. Each employee is remunerated according to the level of their job position, individual competence and contribution, and with changes in the relevant factors, such remuneration will also be adjusted in a timely manner.

## 10. Employee Welfare Plans

Details on employee welfare plans of the Group are set out in Note 34 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

## 11. Employee Training

The Group has been consistently focused on employee training as an important means of achieving a robust corporate strategy based on talent, achieving high quality development, increasing its core competitiveness and enhancing its core functions. The Company has focused on building a professional, diversified, digitalized, and internationalized talent team, adhered to the application of modern corporate training concepts, and leveraged AI technology to empower training. The Company has emphasized transforming mindsets, energizing employees, creating value, strengthened the design of key training projects, targeted the development of emerging and future industries, enhanced core

capabilities, and established a mechanism for generating high-quality projects oriented towards resolving scientific research and production challenges. The Company has cultivated the improvement of duty performance abilities and trained special talents, made thorough efforts to advance reforms of the education and training system and mechanisms, vigorously carried out trainings in relation to duty performance and on-the-job endowment, deeply promoted the digital transformation, comprehensively improved the capabilities to provide training support, continuously strengthened the comprehensive quality and professional capabilities of employees, and strived to achieve a positive interaction between employees' growths and Company's development.

## 12. Core Technical Teams and Key Technical Staff

No material changes occurred during the Reporting Period to the core technical teams and key technical staff of the Group (i.e. those other than Directors and Senior Management).



## RELEVANT INFORMATION ON BONDS

### 1. Information on Bond Issued but Not Yet Overdue of the Company

Bond Name	Abbreviation	Code	Issue Date	Value Date	Due Date	Bond Balance (RMB 100 million)	Rate (%)	Mode of Repayment	Stock Exchange for Listing
2012 Corporate Bond (First Tranche) (15-year term)	12 PetroChina 03	122211.SH	November 22, 2012	November 22, 2012	November 22, 2027	20	5.04	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bond (First Tranche) (10-year term)	16 PetroChina 02	136165.SH	January 18, 2016	January 19, 2016	January 19, 2026	47	3.50	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bond (Second Tranche) (10-year term)	16 PetroChina 04	136254.SH	March 1, 2016	March 3, 2016	March 3, 2026	23	3.70	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bond (Third Tranche) (10-year term)	16 PetroChina 06	136319.SH	March 22, 2016	March 24, 2016	March 24, 2026	20	3.60	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2024 First Tranche Lvseliangxin Medium-term Note	24 PetroChina MTN001 (Lvseliangxin)	102484131.IB	September 13, 2024	September 14, 2024	September 14, 2034	30	2.24	Annual payment of interests, and one lump sum repayment of principal at maturity	National Inter-bank Bond Market
2024 Second Tranche Medium-term Note	24 PetroChina MTN002	102484130.IB	September 13, 2024	September 14, 2024	September 14, 2029	100	2.08	Annual payment of interests, and one lump sum repayment of principal at maturity	National Inter-bank Bond Market

*Lvseliangxin refers to green bonds for large-scale equipment renewal and consumer goods trade-in*

Notes:

- Trading venue: the trading venue for 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06 is the Shanghai Stock Exchange, and the trading venue for 24 PetroChina MTN001 (Lvseliangxin), 24 PetroChina MTN002 is the national inter-bank bond market.

2. Repayment of principal and payment of interest: for 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002, payment of interests shall be made annually, and one lump sum repayment of principal shall be made at maturity.
3. Investor suitability arrangements: 12 PetroChina 03 are offered and traded publicly to public investors (ordinary investors); 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06 are offered and traded publicly to qualified investors (professional investors); 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002.
4. Applicable trading mechanisms: matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction at Shanghai Stock Exchange are applicable to 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06. Circulation and transfer in the national inter-bank bond market are applicable to 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002.
5. Interest Payment and Redemption: during the Reporting Period, the principal and interest of 22 PetroChina GN001, 22 PetroChina GN002 were duly paid. The interest of 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002 were duly paid.
6. There are no overdue bonds issued by the Company, and there is no risk of termination of listing and trading of the bonds issued by the Company.
7. Triggering and implementation of special clauses: there is no triggering and implementation of special clauses during the Reporting Period.

## 2. Agencies Providing Service on the Issuance and the Duration of the Bond

### (1) Main Underwriter, Trustee, Duration Management Institution, Law Firm and Credit Rating Agency

Name	Address	Contact	Telephone
CITIC Capital Securities Co., Limited	9/F Taikang Group Building, Building 1, No.16 Jinghui Street, Chaoyang District, Beijing	Li Wenjie	010-56051920
China International Capital Corporation Limited	27/F and 28/F, Tower 2, China World Trade Center, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing	Qiu Suofu	010-65051166
China Galaxy Securities Company Limited	11/F Qinghai Finance Building, Building 1, No.8 Xiying Street, Fengtai District, Beijing	Zhang Fan	010-80927272
Bank of China International Securities Company Limited	7/F, No. 110 Xidan North Street, Xicheng District, Beijing	Chen Zhili	010-66229000
CITIC Securities Company Limited	CITIC Securities Tower, No.48 Liangmaqiao Road, Chaoyang District, Beijing	Sun Xiaobo	010-60834068
China Merchants Securities Company Limited	17/F China Merchants Bank Tower, Building 3, No.1 Yuetan South Street, Xicheng District, Beijing	Chang Zhaoxiang	010-60840870
China Development Securities Company Limited	1-9/F, No.29 Fuchengmenwai Avenue, Xicheng District, Beijing	Zhao Liang	010-88300901
Bank of China Limited	No. 1 Fuxingmennei Street, Xicheng District, Beijing	Xun Yamei	010-66592749
China Minsheng Banking Corporation Limited	No.2 Fuxingmennei Street, Xicheng District, Beijing	Han Bozhou	010-86603656
Bank of Jiangsu Company Limited	China Bank of Jiangsu Chaoyang Capital, No.8 Chaoyangmennei Street, Dongcheng District, Beijing	Zhang Shu	010-57929261
Beijing Junhe LLP	20/F China Resources Building, No. 8 Jianguomen North Street, Dongcheng District, Beijing	Lei Tianxiao	010-85191300
China Chengxin International Credit Rating Company Limited	Galaxy SOHO No.5, No.2 South Zhugan Hutong, Chaoyangmennei Street, Dongcheng District, Beijing	Li Xuewei	010-66428877

## (2) Accounting firm

Name	Address	Certified Accountant	Contact	Telephone
KPMG Huazhen LLP	8th Floor, KPMG Tower, Oriental Plaza, No. 1 East Chang An Avenue, Beijing, PRC	Duan Yuhua, Zou Jun	Tong Youyou	010-85085264

## (3) Change of agency during the Reporting Period

None.

## 3. Use of Proceeds Raised By Issuing Bonds

As of the end of the current Reporting Period, the use of all funds raised via bonds was basically consistent with the purpose, use plan and other matters as undertaken in the offering circular, and except for 24 PetroChina MTN001 (Lvseliangxin), such funds had been used up. The funds raised from 24 PetroChina MTN001 (Lvseliangxin) was RMB3 billion, of which RMB2.977 billion had been used up and the remaining amount was RMB0.023 billion.

Collection of funds raised by issuing bonds and payment of principals and interests are made through the payment collection account or special account, and all accounts are under normal operation. Meanwhile, the Company formulated a plan for the use of funds raised via bonds and funds raised by issuing corporate bonds are used in accordance with the internal procedures on fund utilization and applicable agreements. Relevant business departments carried out strict inspections over the use of such funds to effectively ensure that all funds are used for their designated purposes, guarantee the smooth operation of the investment, use and audit of funds raised, ensuring that the funds raised via bonds are used in accordance with the resolution of the general meeting and the purpose as disclosed in the offering circular.

Unit: RMB 100 million

Name	Total amount raised	Utilized amount	Unutilized amount	Operation of the specific account for proceeds	Rectification of the irregular use of proceeds	Whether the utilization is in accordance with the purposes, plans and other matters as undertaken in the offering circular
2012 Corporate Bond (First Tranche) (15- year term)	20	20	-	Normal, comply with relevant undertakings	N/A	Yes
2016 Corporate Bond (First Tranche) (10- year term)	47	47	-	Normal, comply with relevant undertakings	N/A	Yes
2016 Corporate Bond (Second Tranche) (10- year term)	23	23	-	Normal, comply with relevant undertakings	N/A	Yes
2016 Corporate Bond (Third Tranche) (10-year term)	20	20	-	Normal, comply with relevant undertakings	N/A	Yes
2024 First Tranche Lvseliangxin Medium-term Green Note	30	29.77	0.23	Normal, comply with relevant undertakings	N/A	Yes
2024 Second Tranche Medium-term Note	100	100	-	Normal, comply with relevant undertakings	N/A	Yes

The aforementioned proceeds raised by issuing bonds were used in the project construction in accordance with prospectus, the progress and operating returns on the projects in construction and completed projects are in line with the Company's expectations.

The use of the proceeds raised by issuing the above bonds remained unchanged during the Reporting Period.

#### **4. Information on Follow-up Credit Rating of Bonds**

During the Reporting Period, no adjustment was made by the credit rating agencies to the credit rating of the Company or bonds.

#### **5. Credit Enhancement Mechanism, Debt Repayment Plan and Safeguard Measures for Debt Repayment**

During the Reporting Period, the credit enhancement mechanism, debt repayment plan and the safeguard measures for debt repayment are consistent with the provisions and relevant undertakings set out in the offering circular, without any change made thereto.

#### **6. Loss Exceeding 10% of the Net Assets at the End of Previous Year under the Consolidated Statements During the Reporting Period**

As of the end of the Reporting Period, the Company does not have the aforementioned circumstances.

#### **7. Mortgage, Pledge, Seizure, Freezing, Conditional Realization, Impossible Realization, Impossible Use to Offset Debts and Other Situations and Arrangements under Which Rights Are Restricted Relating to Assets**

As of the end of the Reporting Period, there was no material restriction on the Company's assets.

#### **8. Overdue Payment of Interest-bearing Debts (excluding bonds) at the end of the Reporting Period**

As of the end of the Reporting Period, the Company has no overdue payment of interest-bearing debts.

## 9. Violation of the Laws and Regulations, the Articles of Association, the Management Rules of the Information Disclosure and the Promises or Commitments of the Offering Circular Which Would Affect the Equity of the Bond Investors

As of the end of the Reporting Period, the Company does not have the aforementioned circumstances.

## 10. Major Accounting Data and Financial Indicators Relating to Corporate Bonds

Item	2025	2024
Earnings before interest, tax, depreciation and amortization (EBITDA) (RMB millions)	481,554	493,564
Net cash flow from investing activities (RMB millions)	(265,705)	(307,347)
Net cash flow from financing activities (RMB millions)	(115,335)	(178,876)
Year-end balance of cash and cash equivalents (RMB millions)	206,162	172,477
Liquidity ratio	1.10	0.93
Quick ratio	0.83	0.66
Asset-liability ratio (%)	36.37	37.89
EBITDA-debt ratio	2.12	2.08
Debt service coverage ratio	27.57	24.59
Cash debt service coverage ratio	50.27	61.81
EBITDA interest coverage ratio	54.47	46.29
Loan repayment ratio (%)	100	100
Interest coverage ratio (%)	100	100

## INFORMATION ON PRODUCTION AND RESERVES OF CRUDE OIL AND NATURAL GAS



The following table sets forth the Company's estimated proved reserves and proved developed reserves as of December 31, 2025, December 31, 2024, and December 31, 2023, among which, approximately 95% of the proved reserve as of December 31, 2025, 95% of the proved reserve as of December 31, 2024 and 62% of the proved reserves as of December 31, 2023 are formulated on the basis of the self-assessment results prepared by the Company, and the remaining reserves as of December 31, 2025, 2024 and 2023 are formulated on the basis of assessment results prepared by DeGolyer and MacNaughton, McDaniel & Associates, Ryder Scott, GLJ, Tetra Tech RPS and APEX, each an independent engineering consultancy company.

	Crude Oil and Condensate (million barrels)	Natural Gas (billion cubic feet)	Combined (million barrels of oil equivalent)
<b>Proved Developed and Undeveloped Reserves</b>			
The Group			
Reserves as of December 31, 2023 (the basis date)	6,219.4	72,794.4	18,351.8
Revisions of previous estimates	207.1	(1,124.9)	19.5
Extensions and discoveries	579.4	6,136.4	1,602.2
Improved recovery	118.9	142.0	142.6
Purchased	0.0	0.0	0.0
Sold	0.0	0.0	0.0
Production for the year	(941.8)	(5,133.8)	(1,797.4)
Reserves as of December 31, 2024 (the basis date)	6,183.0	72,814.1	18,318.7
Revisions of previous estimates	88.4	(246.1)	47.4
Extensions and discoveries	582.5	5,707.8	1,533.8
Improved recovery	143.1	208.1	177.8
Purchased	0.0	0.0	0.0
Sold	0.0	0.0	0.0
Production for the year	(948.0)	(5,363.2)	(1,841.9)
Reserves as of December 31, 2025 (the basis date)	6,049.0	73,120.7	18,235.8
<b>Proved Developed Reserves</b>			
As of December 31, 2023 (the basis date)	5,239.7	41,381.2	12,136.5
Including: Domestic	4,641.6	40,150.1	11,333.2
Overseas	598.1	1,231.1	803.3
As of December 31, 2024 (the basis date)	4,990.9	41,588.1	11,922.2
Including: Domestic	4,371.5	40,531.6	11,126.8
Overseas	619.4	1,056.5	795.4
As of December 31, 2025 (the basis date)	4,644.3	41,395.8	11,543.6
Including: Domestic	3,991.6	40,320.6	10,711.7
Overseas	652.7	1,075.2	831.9
<b>Proved Undeveloped Reserves</b>			
As of December 31, 2023 (the basis date)	979.7	31,413.2	6,215.3
Including: Domestic	833.3	31,233.3	6,038.9
Overseas	146.4	179.9	176.4
As of December 31, 2024 (the basis date)	1,192.1	31,226.0	6,396.5
Including: Domestic	1,071.6	31,064.5	6,249.0
Overseas	120.5	161.5	147.5
As of December 31, 2025 (the basis date)	1,404.7	31,724.9	6,692.2
Including: Domestic	1,250.0	31,570.5	6,511.8
Overseas	154.7	154.4	180.4
Investment calculated by the equity method			
Share of proved developed and undeveloped reserves of affiliates and joint ventures			
December 31, 2023	155.5	577.3	251.7
December 31, 2024	137.8	574.3	233.5
December 31, 2025	110.9	662.8	221.4

As of December 31, 2025, the aggregate of proved developed and undeveloped reserves of the Group and its affiliate companies and joint ventures calculated by the equity method is 18.457 billion barrels of oil equivalent (as of December 31, 2024: 18.552 billion barrels of oil equivalent), of which crude oil and condensate are 6.160 billion barrels (as of December 31, 2024: 6.321 billion barrels), natural gas is 73,783.46 billion cubic feet (as of December 31, 2024: 73,388.40 billion cubic feet).

The table below sets forth the Company's proved reserves and proved developed reserves for crude oil and gas, broken down by region, as of December 31 2023, 2024 and 2025:

	As of December 31					
	2023		2024		2025	
	Proved developed and undeveloped reserves	Proved Developed Reserves	Proved developed and undeveloped reserves	Proved Developed Reserves	Proved developed and undeveloped reserves	Proved Developed Reserves
<b>Crude Oil Reserves (Million barrels)</b>						
Daqing	874.4	858.4	806.6	780.3	774.3	711.5
Changqing	1,597.4	1,233.3	1,626.5	1,122.0	1,581.8	1,012.4
Xinjiang	931.2	772.8	946.0	751.2	911.4	690.8
Other domestic	2,071.8	1,777.1	2,064.0	1,718.0	1,974.1	1,576.9
Overseas aggregate	744.6	598.1	739.9	619.4	807.4	652.7
<b>Total</b>	<b>6,219.4</b>	<b>5,239.7</b>	<b>6,183.0</b>	<b>4,990.9</b>	<b>6,049.0</b>	<b>4,644.3</b>
<b>Natural Gas Reserves (Billion cubic feet)</b>						
Changqing	23,872.4	11,287.3	23,946.0	11,180.9	24,063.7	11,117.9
Tarim	18,506.9	12,387.4	17,963.2	12,139.4	17,532.9	11,456.4
Sichuan	16,979.5	9,891.9	17,512.6	10,700.4	17,872.9	11,239.0
Other domestic	12,024.6	6,583.5	12,174.3	6,510.9	12,421.6	6,507.3
Overseas aggregate	1,411.0	1,231.1	1,218.0	1,056.5	1,229.6	1,075.2
<b>Total</b>	<b>72,794.4</b>	<b>41,381.2</b>	<b>72,814.1</b>	<b>41,588.1</b>	<b>73,120.7</b>	<b>41,395.8</b>

The number of wells drilled or participated in drilling during the specified period the results of the drilling are set out as follows:

Year		Daqing	Changqing	Xinjiang	Other domestic <sup>(1)</sup>	Overseas aggregate	Total
2023	The net number of new exploration wells <sup>(2)</sup>	223	488	134	528	17.8	1,390.8
	Crude oil	174	333	116	242	12.8	877.8
	Natural gas	12	32	18	164	2	228.0
	Dry well <sup>(3)</sup>	37	123	-	122	3	285.0
	The net number of new development wells <sup>(2)</sup>	1,556	4,462	472	3,295	216.5	10,001.5
	Crude oil	1,545	2,496	458	2,308	209.3	7,016.3
	Natural gas	8	1,948	14	898	7.2	2,875.2
	Dry well <sup>(3)</sup>	3	18	-	89	-	110.0
2024	The net number of new exploration wells <sup>(2)</sup>	128	609	101	512	8.2	1,358.2
	Crude oil	93	342	67	229	5.7	736.7
	Natural gas	22	113	22	146	0.3	303.3
	Dry well <sup>(3)</sup>	13	154	12	137	2.2	318.2
	The net number of new development wells <sup>(2)</sup>	2,444	3,934	559	2,884	250.2	10,071.2
	Crude oil	2,432	2,272	549	2,215	235.2	7,703.2
	Natural gas	12	1,657	10	663	15	2,357.0
	Dry well <sup>(3)</sup>	-	5	-	6	-	11
2025	The net number of new exploration wells <sup>(2)</sup>	118	484	93	471	3.9	1,169.9
	Crude oil	94	356	73	209	3.9	735.9
	Natural gas	14	122	20	164	0	320.0
	Dry well <sup>(3)</sup>	10	6	0	98	0	114.0
	The net number of new development wells <sup>(2)</sup>	1,664	3,831	454	3,093	238.7	9,280.7
	Crude oil	1,660	2,216	438	2,323	229.3	6,866.3
	Natural gas	4	1,603	16	760	9.4	2,392.4
	Dry well <sup>(3)</sup>	0	12	0	10	0	22.0

Notes:

(1) represents Liaohe, Jilin, Huabei, Dagang, Sichuan, Tarim, Turpan Hami, Qinghai, Jidong, Yumen, Zhejiang and southern oilfields, etc.

(2) "net well" means wells which have deducted the interests of other parties.

(3) "dry well" means wells which are not sufficient for commercial production.

## Internal Control over the Estimates of Reserves

The Company has set up the Oil and Gas Reserves Management Committee, the chairman of which is the president of the Company.

The Company promoted the qualification certification management of oil and gas reserve evaluation and audit personnel, and has set up a team of reserve valuers and auditors covering the headquarters and various oilfield companies which is responsible for reserve valuing and auditing for the Company. Meanwhile, a specialized Mineral Reserve Administration Division is set up under the Oil, Gas and New Energy Company. The managerial personnel and staff of such division possess many years of professional technical experience and a considerable number of years of experience in conducting U.S. Securities and Exchange Commission (“SEC”) Standards on reserve estimation in the oil industry, and all of them are qualified as the national certified professionals specializing in handling reserves matters. Reserve management committees and multi-disciplinary reserve research institutes have been set up at various oilfield companies. Technical professional in charge of the reserve evaluation of the Company is Mr. Duan Xiaowen, member of the Mineral Reserve Administration Division of the Oil, Gas and New Energy Company. Mr. Duan holds a bachelor’s degree in petroleum geology and an MBA degree. He has more than 30 years of working experience in the field of the exploration and development of oil and gas and has been engaging in the reserve evaluation and management for a long period of time. Since 2008, he has been involved in the technical supervision of reserves evaluation, and since 2016, has been the key technical

professional in charge of monitoring the preparations for conducting reserve evaluation of the Company and of handling the technical and management works regarding evaluation of the oil and gas reserves. Reserve research institutes in various oilfield companies are responsible for calculating the newly discovered reserves and updating the estimates of the existing reserves in their respective areas.

The Company engaged third-party independent evaluators who, in accordance with the SEC Standards prescribed, conducted an independent evaluation or audit of the proved reserves of the Company as of December 31, 2023 and of the Company’s overseas proved reserves (other than Mongolia thereof) as of December 31, 2024 and December 31, 2025. The proved reserves within China and in Mongolia as of December 31, 2025 were evaluated by the oilfield companies’ reserves research institute, and the valuation results were subjected to a two-tier review by the oilfield companies and the Oil, Gas and New Energy Company, as well as the concurrent review by China Petroleum Reserves Assessment Center as organized by the Development Planning Department. The Company entrusted the China Association of Mining Right Appraisers to organize external experts to conduct process examination on the Oil, Gas and New Energy Company and the six oilfield companies of Daqing, Jilin, Huabei, Dagang, Qinghai and Changqing and to issue report thereon. The ultimate disclosure result of the proved reserves was reviewed and determined by the Oil and Gas Reserves Management Committee.



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## AUDITOR'S REPORT

畢馬威華振審字第 2605486 號

### All Shareholders of PetroChina Company Limited:

#### Opinion

We have audited the accompanying financial statements of PetroChina Company Limited ("PetroChina"), which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of PetroChina as at 31 December 2025, and the consolidated and company financial performance and the consolidated and company cash flows of PetroChina for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of PetroChina in accordance with the China Code of Ethics for Certified Public Accountants ("the Code") and the Independence Standards for Chinese Certified Public Accountants No. 1 – Independence Requirements for Audit and Review Engagements, as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

畢馬威華振會計師事務所(特殊普通合夥) — 中國合夥制會計師事務所, 是與畢馬威國際有限公司(英國私營擔保有限公司)相關聯的獨立成員所全球組織中的成員。



AUDITOR'S REPORT (continued)

畢馬威華振審字第 2605486 號

<b>Assessment of impairment of oil and gas properties</b>	
<i>Refer to Note 4 (11) Oil and natural gas properties, (16) Impairment of non-current assets and (31)(b) Estimation of impairment of fixed assets and oil and gas properties of Principal accounting policies and accounting estimates and Note 17 Oil and natural gas properties to the financial statements</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>Oil and gas properties included in PetroChina's consolidated balance sheet amounted to Renminbi ("RMB") 865,782 million as at December 31, 2025 and the impairment losses recognized for oil and gas properties for the year ended December 31, 2025 were RMB8,254 million.</p> <p>PetroChina allocates oil and gas properties to separately identifiable cash-generating units ("CGUs") and reviews these CGUs for possible impairment by considering events or changes in circumstances indicating that their carrying amounts may not be recoverable. Such events and changes in circumstances include the economic impact on these CGUs resulting from lower oil and gas prices, higher production costs and decline in oil and gas reserve volumes as estimated by the reserves specialists in accordance with recognized industry standards.</p> <p>For those CGUs where an impairment indicator is identified, PetroChina compares the carrying amount of individual CGU with its recoverable amount, which is estimated by calculating the value in use using a discounted cash flow forecast, to determine the impairment loss to be recognized, if any.</p>	<p>The audit procedures related to this key audit matter included the following:</p> <ul style="list-style-type: none"> <li>evaluated the design and tested the operating effectiveness of certain internal controls related to the process for impairment assessment of oil and gas properties;</li> <li>evaluated PetroChina's identification of CGUs, allocation of assets to those CGUs and identification of impairment indicators;</li> <li>assessed the competence, capabilities and objectivity of PetroChina's reserves specialists and evaluated the methodology adopted by them in estimating the oil and gas reserves against the recognized industry standards;</li> <li>evaluated the future selling prices for crude oil and natural gas used in the discounted cash flow forecasts by comparing them with PetroChina's business plans and forecasts by external analysts;</li> <li>evaluated the future production costs and future production profiles used in the discounted cash flow forecasts by comparing them with oil and gas reserves reports issued by the reserves specialists;</li> </ul>

AUDITOR'S REPORT (continued)

畢馬威華振審字第 2605486 號

<b>Assessment of impairment of oil and gas properties (continued)</b>	
<i>Refer to Note 4 (11) Oil and natural gas properties, (16) Impairment of non-current assets and (31)(b) Estimation of impairment of fixed assets and oil and gas properties of Principal accounting policies and accounting estimates and Note 17 Oil and natural gas properties to the financial statements</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified assessment of impairment of oil and gas properties as a key audit matter because the recoverable amounts of these CGUs are sensitive to the changes to future selling prices and production costs for crude oil and natural gas; future production profiles; and discount rates and therefore involved significant management judgment and estimates when determining its recoverable amount.</p>	<ul style="list-style-type: none"> <li>involved our internal professionals with skills and knowledge on valuation to assist us in assessing the discount rates applied in the discounted cash flow forecasts against a discount rate range that was independently developed using publicly available market data for comparable companies in the same industry;</li> <li>compared the actual results for the current year with PetroChina's forecasts prepared in the prior year to assess the historical accuracy of PetroChina's forecasting process; and</li> <li>assessed the relevant disclosures in the consolidated financial statements in respect of management's impairment assessment of oil and gas properties with reference to the requirements of the prevailing accounting standards.</li> </ul>

**Other Information**

PetroChina's management is responsible for the other information. The other information comprises all the information included in 2025 annual report of PetroChina, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## AUDITOR'S REPORT (continued)

畢馬威華振審字第 2605486 號

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing PetroChina's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PetroChina or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PetroChina's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



## AUDITOR'S REPORT (continued)

畢馬威華振審字第 2605486 號

As part of an audit in accordance with the CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PetroChina's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PetroChina to cease to continue as a going concern.
- Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within PetroChina to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of group audit. We remain solely responsible for our audit opinion.



## AUDITOR'S REPORT (continued)

畢馬威華振審字第 2605486 號

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Certified Public Accountants  
Registered in the People's Republic of  
China

Duan Yu Hua (Engagement Partner)

Beijing, China

Zou Jun  
March 27, 2026

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY BALANCE SHEETS**  
**AS OF DECEMBER 31, 2025**

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	December	December	December	December
		31, 2025	31, 2024	31, 2025	31, 2024
		The Group	The Group	The Company	The Company
<b>Current assets</b>					
Cash at bank and on hand	7	238,908	216,246	39,250	25,199
Financial assets held for trading		6,175	2,816	-	-
Derivative financial assets	8	9,342	9,020	14	15
Accounts receivable	9	77,929	71,610	5,807	7,219
Receivables financing	10	1,864	8,868	1,742	7,556
Advances to suppliers	11	14,664	14,192	7,615	8,734
Other receivables	12	26,024	34,387	9,665	8,454
Inventories	13	150,553	168,338	90,786	97,297
Other current assets	14	69,838	65,367	42,423	47,551
<b>Total current assets</b>		<b>595,297</b>	<b>590,844</b>	<b>197,302</b>	<b>202,025</b>
<b>Non-current assets</b>					
Investments in other equity instruments		1,324	707	147	181
Long-term equity investments	15	303,575	290,077	593,573	541,146
Fixed assets	16	528,089	480,407	292,101	262,146
Oil and gas properties	17	865,782	875,436	671,137	669,677
Construction in progress	18	216,616	214,967	129,407	129,145
Right-of-use assets	19	125,940	120,865	58,883	49,817
Intangible assets	20	93,149	92,790	65,290	66,006
Goodwill	21	7,263	7,436	77	77
Long-term prepaid expenses	22	18,259	14,018	9,317	8,607
Deferred tax assets	36	30,056	26,765	5,410	5,045
Other non-current assets	23	42,667	38,695	64,248	65,944
<b>Total non-current assets</b>		<b>2,232,720</b>	<b>2,162,163</b>	<b>1,889,590</b>	<b>1,797,791</b>
<b>TOTAL ASSETS</b>		<b>2,828,017</b>	<b>2,753,007</b>	<b>2,086,892</b>	<b>1,999,816</b>

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY BALANCE SHEETS**  
**AS OF DECEMBER 31, 2025 (CONTINUED)**

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
		The Group	The Group	The Company	The Company
<b>Current liabilities</b>					
Short-term borrowings	25	34,513	45,955	36,317	49,315
Financial liabilities held for trading		4,152	3,808	-	-
Derivative financial liabilities	8	5,440	7,051	11	-
Notes payable	26	13,658	14,895	13,378	13,785
Accounts payable	27	255,882	272,785	99,975	99,068
Contract liabilities	28	84,599	80,266	67,816	59,194
Employee compensation payable	29	7,817	8,095	5,657	5,884
Taxes payable	30	50,923	60,245	28,906	34,857
Other payables	31	26,850	24,198	140,853	133,888
Current portion of non-current liabilities	32	39,458	101,757	17,335	18,458
Other current liabilities		15,508	18,262	7,419	8,501
<b>Total current liabilities</b>		<b>538,800</b>	<b>637,317</b>	<b>417,667</b>	<b>422,950</b>
<b>Non-current liabilities</b>					
Long-term borrowings	33	148,462	74,072	65,273	33,641
Debentures payable	34	15,000	24,000	15,000	23,300
Lease liabilities	19	116,342	109,968	47,716	38,622
Provisions	35	173,503	162,019	127,337	122,300
Deferred tax liabilities	36	26,641	25,688	-	-
Other non-current liabilities		9,721	10,080	4,617	5,116
<b>Total non-current liabilities</b>		<b>489,669</b>	<b>405,827</b>	<b>259,943</b>	<b>222,979</b>
<b>Total liabilities</b>		<b>1,028,469</b>	<b>1,043,144</b>	<b>677,610</b>	<b>645,929</b>
<b>Shareholders' equity</b>					
Share capital	37	183,021	183,021	183,021	183,021
Capital surplus	38	120,965	121,812	121,986	122,368
Special reserve		7,029	6,747	4,001	3,648
Other comprehensive income	57	(29,581)	(30,748)	958	1,347
Surplus reserves	39	266,528	252,305	255,436	241,213
Undistributed profits	40	1,038,099	982,234	843,880	802,290
<b>Equity attributable to shareholders of the Company</b>		<b>1,586,061</b>	<b>1,515,371</b>	<b>1,409,282</b>	<b>1,353,887</b>
<b>Non-controlling interests</b>	41	<b>213,487</b>	<b>194,492</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>		<b>1,799,548</b>	<b>1,709,863</b>	<b>1,409,282</b>	<b>1,353,887</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,828,017</b>	<b>2,753,007</b>	<b>2,086,892</b>	<b>1,999,816</b>

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY INCOME STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in RMB millions unless otherwise stated)

Items	Notes	2025	2024	2025	2024
		The Group	The Group	The Company	The Company
<b>Operating income</b>	42	2,864,469	2,937,981	1,730,507	1,810,603
Less: Cost of sales	42	(2,246,121)	(2,275,223)	(1,310,581)	(1,370,574)
Taxes and surcharges	43	(244,276)	(266,012)	(178,633)	(190,320)
Selling expenses	44	(60,291)	(63,190)	(41,710)	(42,795)
General and administrative expenses	45	(69,122)	(65,026)	(41,132)	(38,713)
Research and development expenses	46	(23,552)	(23,014)	(18,156)	(17,034)
Finance expenses	47	(12,053)	(12,552)	(8,806)	(9,960)
Including: Interest expenses		17,567	20,731	10,321	12,359
Interest income		7,760	8,799	2,134	3,007
Add: Other income	48	20,402	20,122	18,479	18,348
Investment income	49	20,466	11,934	32,058	33,638
Including: Income from investment in associates and joint ventures		17,531	18,644	13,094	12,726
Gains from changes in fair value	50	2,515	4,673	78	8
Credit impairment losses	51	(696)	(742)	(109)	(114)
Asset impairment losses	52	(17,691)	(14,278)	(6,702)	(9,839)
Gains from asset disposal	53	529	613	146	680
<b>Operating profit</b>		<u>234,579</u>	<u>255,286</u>	<u>175,439</u>	<u>183,928</u>
Add: Non-operating income	54(a)	3,602	3,130	2,267	2,479
Less: Non-operating expenses	54(b)	(12,032)	(16,914)	(9,202)	(13,639)
<b>Profit before taxation</b>		<u>226,149</u>	<u>241,502</u>	<u>168,504</u>	<u>172,768</u>
Less: Taxation	55	(54,144)	(57,755)	(26,270)	(27,741)
<b>Net profit</b>		<u>172,005</u>	<u>183,747</u>	<u>142,234</u>	<u>145,027</u>
Classified by continuity of operations:					
Net profit from continuous operation		172,005	183,747	142,234	145,027
Net profit from discontinued operation		-	-	-	-
Classified by ownership:					
Shareholders of the Company		157,302	164,676	142,234	145,027
Non-controlling interests		14,703	19,071	-	-
<b>Other comprehensive income, net of tax</b>	57	(1,424)	(12,164)	(376)	248
Other comprehensive income (net of tax) attributable to equity holders of the Company		340	(12,024)	(376)	248
(1) Item that will not be reclassified to profit or loss					
Changes in fair value of investments in other equity instruments		67	(106)	(1)	(2)
(2) Items that may be reclassified to profit or loss					
Other comprehensive income recognised under equity method		342	212	(200)	304
Cash flow hedges		288	(8,111)	(175)	(54)
Currency translation differences		(357)	(4,019)	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		(1,764)	(140)	-	-
<b>Total comprehensive income</b>		<u>170,581</u>	<u>171,583</u>	<u>141,858</u>	<u>145,275</u>
Attributable to:					
Equity holders of the Company		157,642	152,652	141,858	145,275
Non-controlling interests		12,939	18,931	-	-
<b>Earnings per share</b>					
Basic earnings per share (RMB Yuan)	56	0.86	0.90	0.78	0.79
Diluted earnings per share (RMB Yuan)	56	0.86	0.90	0.78	0.79

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in RMB millions unless otherwise stated)

Items	Notes	2025 The Group	2024 The Group	2025 The Company	2024 The Company
<b>Cash flows from operating activities</b>					
Cash received from sales of goods and rendering of services		3,080,808	3,164,290	2,022,870	1,950,242
Cash received relating to other operating activities	59(a)	99,678	78,119	24,327	22,157
<b>Sub-total of cash inflows</b>		<u>3,180,486</u>	<u>3,242,409</u>	<u>2,047,197</u>	<u>1,972,399</u>
Cash paid for goods and services		(2,057,292)	(2,147,680)	(1,302,923)	(1,177,280)
Cash paid to and on behalf of employees		(185,223)	(179,676)	(134,747)	(131,101)
Payments of various taxes		(394,382)	(396,119)	(261,227)	(297,192)
Cash paid relating to other operating activities	59(b)	(131,079)	(112,402)	(45,670)	(44,372)
<b>Sub-total of cash outflows</b>		<u>(2,767,976)</u>	<u>(2,835,877)</u>	<u>(1,744,567)</u>	<u>(1,649,945)</u>
<b>Net cash flows from operating activities</b>	59(f)	<u>412,510</u>	<u>406,532</u>	<u>302,630</u>	<u>322,454</u>
<b>Cash flows from investing activities</b>					
Cash received from disposal of investments	59(c)	105,246	51,381	50	1,375
Cash received from returns on investments		23,946	21,906	26,202	32,502
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		1,726	748	1,054	540
Net cash received from disposal of subsidiaries and other business units		1,438	172	578	34
<b>Sub-total of cash inflows</b>		<u>132,356</u>	<u>74,207</u>	<u>27,884</u>	<u>34,451</u>
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(292,789)	(302,651)	(177,677)	(197,598)
Cash paid to acquire investments	59(d)	(105,169)	(78,892)	(50,246)	(51,704)
Net cash paid for the acquisition of subsidiaries and other business entities		(103)	(11)	-	-
<b>Sub-total of cash outflows</b>		<u>(398,061)</u>	<u>(381,554)</u>	<u>(227,923)</u>	<u>(249,302)</u>
<b>Net cash flows used for investing activities</b>		<u>(265,705)</u>	<u>(307,347)</u>	<u>(200,039)</u>	<u>(214,851)</u>
<b>Cash flows from financing activities</b>					
Cash received from capital contributions		17,291	2,393	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		17,291	2,393	-	-
Cash received from borrowings		610,158	625,936	130,174	117,166
<b>Sub-total of cash inflows</b>		<u>627,449</u>	<u>628,329</u>	<u>130,174</u>	<u>117,166</u>
Cash repayments of borrowings		(616,837)	(682,824)	(122,503)	(163,247)
Consideration paid for business combinations under common control		-	(5,979)	-	-
Cash payments for interest expenses and distribution of dividends or profits		(111,199)	(106,259)	(91,862)	(89,975)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(10,795)	(11,139)	-	-
Cash payments relating to other financing activities	59(e)	(10,748)	(12,143)	(7,866)	(7,060)
<b>Sub-total of cash outflows</b>		<u>(738,784)</u>	<u>(807,205)</u>	<u>(222,231)</u>	<u>(260,282)</u>
<b>Net cash flows used for financing activities</b>		<u>(111,335)</u>	<u>(178,876)</u>	<u>(92,057)</u>	<u>(143,116)</u>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<u>(1,785)</u>	<u>3,167</u>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	59(g)	<u>33,685</u>	<u>(76,524)</u>	<u>10,534</u>	<u>(35,513)</u>
Add: Cash and cash equivalents at the beginning of the period		172,477	249,001	25,139	60,652
<b>Cash and cash equivalents at the end of the period</b>	59(i)	<u>206,162</u>	<u>172,477</u>	<u>35,673</u>	<u>25,139</u>

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF**  
**CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in RMB millions unless otherwise stated)

Items	Shareholders' equity attributable to the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total		
Balance at January 1, 2024	183,021	127,678	6,885	(18,724)	237,802	914,671	1,451,333	184,211	1,635,544
Changes in the year ended December 31, 2024									
Total comprehensive income	-	-	-	(12,024)	-	164,676	152,652	18,931	171,583
Special reserve - safety fund reserve	-	-	-	-	-	-	-	-	-
Appropriation	-	-	7,519	-	-	-	7,519	698	8,217
Utilisation	-	-	(7,657)	-	-	-	(7,657)	(455)	(8,112)
Profit distribution									
Appropriation to surplus reserves	-	-	-	-	14,503	(14,503)	-	-	-
Distribution to shareholders	-	-	-	-	-	(82,360)	(82,360)	(10,934)	(93,294)
Other equity movement									
Equity transactions with non-controlling interests	-	-	-	-	-	(196)	(196)	156	(40)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	2,317	2,317
Acquisition of CNPC									
Electric Energy	-	(5,979)	-	-	-	-	(5,979)	-	(5,979)
Disposal of subsidiaries	-	-	-	-	-	-	-	(567)	(567)
Others	-	113	-	-	-	(54)	59	135	194
Balance at December 31, 2024	183,021	121,812	6,747	(30,748)	252,305	982,234	1,515,371	194,492	1,709,863
Balance at January 1, 2025	183,021	121,812	6,747	(30,748)	252,305	982,234	1,515,371	194,492	1,709,863
Changes in the year ended December 31, 2025									
Total comprehensive income	-	-	-	340	-	157,302	157,642	12,939	170,581
Special reserve - safety fund reserve	-	-	-	-	-	-	-	-	-
Appropriation	-	-	7,588	-	-	-	7,588	808	8,396
Utilisation	-	-	(7,306)	-	-	-	(7,306)	(472)	(7,778)
Profit distribution									
Appropriation to surplus reserves	-	-	-	-	14,223	(14,223)	-	-	-
Distribution to shareholders	-	-	-	-	-	(86,020)	(86,020)	(10,994)	(97,014)
Other equity movement									
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	17,291	17,291
Acquisition of subsidiaries	-	-	-	877	-	(877)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	(524)	(524)
Others	-	(847)	-	(50)	-	(317)	(1,214)	(53)	(1,267)
Balance at December 31, 2025	183,021	120,965	7,029	(29,581)	266,528	1,038,099	1,586,061	213,487	1,799,548

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**COMPANY STATEMENT OF**  
**CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at January 1, 2024	183,021	122,678	3,945	1,099	226,710	754,155	1,291,608
Changes in the year ended December 31, 2024							
Total comprehensive income	-	-	-	248	-	145,027	145,275
Special reserve - safety fund reserve							
Appropriation	-	-	5,115	-	-	-	5,115
Utilisation	-	-	(5,412)	-	-	-	(5,412)
Profit distribution							
Appropriation to surplus reserves	-	-	-	-	14,503	(14,503)	-
Distribution to shareholders	-	-	-	-	-	(82,360)	(82,360)
Others	-	(310)	-	-	-	(29)	(339)
Balance at December 31, 2024	<u>183,021</u>	<u>122,368</u>	<u>3,648</u>	<u>1,347</u>	<u>241,213</u>	<u>802,290</u>	<u>1,353,887</u>
Balance at January 1, 2025	183,021	122,368	3,648	1,347	241,213	802,290	1,353,887
Changes in the year ended December 31, 2025							
Total comprehensive income	-	-	-	(376)	-	142,234	141,858
Special reserve - safety fund reserve							
Appropriation	-	-	5,355	-	-	-	5,355
Utilisation	-	-	(5,002)	-	-	-	(5,002)
Profit distribution							
Appropriation to surplus reserves	-	-	-	-	14,223	(14,223)	-
Distribution to shareholders	-	-	-	-	-	(86,020)	(86,020)
Others	-	(382)	-	(13)	-	(401)	(796)
Balance at December 31, 2025	<u>183,021</u>	<u>121,986</u>	<u>4,001</u>	<u>958</u>	<u>255,436</u>	<u>843,880</u>	<u>1,409,282</u>

The accompanying notes form an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

## 1 COMPANY BACKGROUND

PetroChina Company Limited (“the Company”) was established as a joint stock company with limited liability on November 5, 1999 by 中國石油天然氣集團公司 (China National Petroleum Corporation (“CNPC”)) as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 “Reply on the approval of the establishment of PetroChina Company Limited” from the former State Economic and Trade Commission of the People’s Republic of China (“China” or “PRC”). CNPC restructured (“the Restructuring”) and injected its core business and the related assets and liabilities into the Company. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 (“CNPC” before and after the change of name) on December 19, 2017. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as “the Group”.

The Group is principally engaged in (i) the exploration, development, production and transportation and marketing of crude oil and natural gas, and new energy business; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products, and new materials business; (iii) the marketing of refined products and non-oil products, and trading business; and (iv) the transportation of natural gas and the sale of natural gas. The principal subsidiaries of the Group are listed in Note 6(1).

The financial statements were approved by the Board of Directors on March 27, 2026.

## 2 BASIS OF PREPARATION

The financial statements of the Group are prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance (“the MOF”) and other regulations issued thereafter (hereafter referred to as the “Accounting Standard for Business Enterprises”, “China Accounting Standards” or “CAS”). The financial statements have been prepared on the going concern basis.

These financial statements also comply with the disclosure requirements of the financial statements and notes of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”).

## 3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Group’s financial statements for the year ended December 31, 2025 truly, accurately and completely present the financial position of the Group as of December 31, 2025 and their financial performance and their cash flows for the year then ended in compliance with the Accounting Standards for Business Enterprises.

## 4 SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (1) Accounting Period

The accounting period of the Group starts on January 1 and ends on December 31.

## (2) Operating Cycle

The Group takes the period from the exploration or acquisition of the crude oil, natural gas and other assets for exploring, transporting and processing and etc. to their realisation in cash and cash equivalent as a normal operating cycle.

## (3) Recording Currency

The recording currency of the Company and most of its subsidiaries is Renminbi (“RMB”). The Group’s consolidated financial statements are presented in RMB.

## (4) Measurement Properties

Generally are measured at historical cost unless otherwise stated at fair value, net realisable value or present value.

## (5) Foreign Currency Translation

### (a) Foreign currency transactions

Foreign currency transactions are translated into RMB at the exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated into RMB at the exchange rates prevailing at the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss except for those arising from foreign currency specific borrowings for the acquisition, construction of qualifying assets in connection with capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies measured at historical cost are translated into RMB at the historical exchange rates prevailing at the date of the transactions at the balance sheet date. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### (b) Translation of financial statements represented in foreign currency

Assets and liabilities of each balance sheet of the foreign operations are translated into RMB at the closing rates at the balance sheet date, while the equity items are translated into RMB at the exchange rates at the date of the transactions, except for the undistributed profits and the translation differences in other comprehensive income. Income and expenses for each income statement of the foreign operations are translated into RMB at the exchange rates or the approximate exchange rates at the date of the transactions. The currency translation differences resulted from the above-mentioned translations are recognised as other comprehensive income. The cash flows of overseas operations are translated into RMB at the approximate exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

## (6) Cash and Cash Equivalents

Cash and cash equivalents refer to all cash on hand and deposit held at call with banks, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (7) Financial Instrument

Financial instruments include cash at bank and on hand, financial assets held for trading, derivative financial instruments, accounts receivables, equity securities other than those classified as long-term equity investments, accounts payables, financial liabilities held for trading, borrowings, debentures payable and share capital, etc.

### (a) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts is initially measured at the transaction price according to Note 4(23).

### (b) Classification and subsequent measurement of financial assets

#### (i) Classification of the financial assets held by the Group

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to designate it as a financial assets at FVOCI. This election is made on an investment-by-investment basis, and from the perspective of the issuer, related investment is in line with the definition of equity instruments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The business model in which a financial asset is managed refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group determines the business model for managing financial assets according to the facts and based on the specific business objectives for the managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual cash flow characteristics of the instrument. For the purposes of this assessment, "principal" is defined as the fair value of the financial assets at initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of the financial assets

- Financial assets at FVTPL:

These financial assets are subsequently measured at fair value. Gains and losses, including any interest or dividend income, are recognised in profit or loss, unless the financial assets are a part of hedging relationship.

- Financial assets measured at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. Gains or losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI:

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised in profit or loss. Other gains or losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

**(c) Classification and subsequent measurement of financial liabilities**

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL:

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value. Gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost:

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

**(d) Offsetting**

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

**(e) Derecognition of financial assets and financial liabilities**

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

**(f) Impairment**

The Group recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity investments at FVTPL, equity investments designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

**(i) Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for accounts receivable, contract assets and receivables financing at fair value through other comprehensive income are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for accounts receivable, contract assets and receivables financing at fair value through other comprehensive income, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments that have low credit risk for which credit risk has not increased significantly since initial recognition, and at an amount equal to lifetime ECL for accounts receivable, contract assets and receivables financing at fair value through other comprehensive income.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information.

## (ii) Provisions for bad and doubtful debts arising from receivables

Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Categories	Basis for determination
Accounts receivable	Historically, there is significant difference in terms of occurrence of losses among different operating segment and geography. Therefore, the Group makes provisions for bad and doubtful debts arising from accounts receivable on the basis of different operating segment and geography.
Receivables under financing	The Group's receivables under financing are bank acceptance bills held for dual purposes. As the accepting banks have high credit ratings, the Group considers all receivables under financing as a single group.
Other receivables	The Group's other receivables mainly include cash pledges and deposits receivable, interest receivables, dividends receivable, etc. Based on the credit risk, the Group classifies other receivables with different aging as a group to calculate bad debt provision.

## Criteria for individual assessment

Accounts receivable, other receivables, and receivables under financing are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in the group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty.

## (iii) Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

## (iv) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

(v) Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(vi) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

(vii) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, according to the Group's procedures for recovery of amounts due, financial assets that are written off could still be subject to enforcement activities.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

**(g) Determination of financial instruments' fair value**

Regarding financial instruments, for which there is an active market, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is no active market for a financial instrument, valuation techniques shall be adopted to determine the fair value.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

#### (h) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value. At each balance sheet date, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedge accounting.

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period, to represent the effect of risk management activities.

Hedged items are the items that expose the Group to risks of changes in future fair value or future cash flows and that are designated as being hedged and that must be reliably measurable. The Group's hedged items include the purchase or sale transactions that expose the Group to the risk of variability in cash flows at an undetermined future market price.

A hedging instrument is a designated derivative whose changes in future fair value or cash flows are expected to offset changes in the fair value or the cash flows of the hedged item. The hedging relationship meets all of the following hedge effectiveness requirements:

- (i) There is an economic relationship between the hedged item and the hedging instrument, which share a risk and that gives rise to opposite changes in fair value that tend to offset each other.
- (ii) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

- Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss. As long as a cash flow hedge meets the qualifying criteria for hedge accounting, the amount of cash flow hedges reserve is the lower of the following two absolute amounts:

- The cumulative gain or loss on the hedging instrument from inception of the hedge;
- The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

The amount of cash flow hedge reserve shall be accounted for as follows:

- If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability;
- For cash flow hedges, other than those covered by the preceding two policy statements, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss;
- If the amount that has been accumulated in the cash flow hedge reserve is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, the Group reclassify the amount that is not expected to be recovered into profit or loss.

In case of the following circumstances, the Group discontinues the use of hedge accounting:

- when the hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting (ie. the entity no longer pursues that risk management objective);
- or when a hedging instrument expires or is sold, terminated, exercised;
- or there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- or no longer meets the other criteria for applying hedge accounting.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, the amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur, if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and be accounted for in accordance with the above policy.

## (8) Inventories

Inventories include crude oil and other raw materials, work in progress, finished goods and spare parts and consumables, and are measured at the lower of cost and net realisable value.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Cost of inventories is determined primarily using the weighted average method. The cost of finished goods and work in progress comprises cost of crude oil, other raw materials, direct labour and production overheads allocated based on normal operating capacity. Spare parts and low cost consumables include low cost consumables and packaging materials. Low cost consumables are amortised with graded amortisation method and packaging materials are expensed off in full.

Provision for decline in the value of inventories is measured as the excess of the carrying value of the inventories over their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the costs to fulfil a contract with a customer and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

The Group adopts perpetual inventory system.

#### (9) Long-term Equity Investments and Joint Operations

Long-term equity investments comprise the Company's equity investments in subsidiaries, and the Group's equity investments in joint ventures and associates.

Long-term equity investments acquired through business combinations: For a long-term equity investment acquired through a business combination under common control, the proportionate share of the carrying value of equity of the combined entity in the consolidated financial statements of the ultimate controlling party shall be treated as initial cost of the investment on the acquisition date. For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

Long-term equity investments acquired through other than business combinations: For an acquisition settled in cash, the initial cost of investment shall be the actual cash consideration paid. For an acquisition settled by the issuance of equity securities, the initial cost of investment shall be the fair value of equity securities issued.

##### (a) Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the Company and are consolidated after being adjusted by the equity method accounting in consolidated financial statements.

Long-term equity investments accounted for at cost are measured at the initial investment cost unless the investment is classified as held for sale. The cash dividends or profit distributions declared by the investees are recognised as investment income in the income statement.

A listing of the Group's principal subsidiaries is set out in Note 6(1).

##### (b) Joint ventures and associates

Joint ventures are arrangements whereby the Group and other parties have joint control and rights to the net assets of the arrangements. Associates are those in which the Group has significant influence over the financial and operating policies.

The term “joint control” refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The term “significant influence” refers to the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties.

The investments in joint ventures and associates are accounted for using the equity method accounting. The excess of the initial cost of the investment over the share of the fair value of the investee’s net identifiable assets is included in the initial cost of the investment. While the excess of the share of the fair value of the investee’s net identifiable assets over the cost of investment is instead recognised in profit or loss in the period in which the investment is acquired and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method accounting, the Group’s share of its investees’ post-acquisition profits or losses and other comprehensive income is recognised as investment income or losses and other comprehensive income respectively. When the Group’s share of losses of an investee equals or exceeds the carrying amount of the long-term equity investment and other long-term interests which substantively form the net investment in the investee, the Group does not recognise further losses as provisions, unless it has obligations to bear extra losses which meet the criteria of recognition for liabilities according to the related standards for contingencies. Movements in the investee owner’s equity other than profit or loss, other comprehensive income and profit distribution should be proportionately recognised in the Group’s equity, provided that the share interest of the investee remained unchanged. The share of the investee’s profit distribution or cash dividends declared is accounted for as a reduction of the carrying amount of the investment upon declaration. The profits or losses arising from the intra-Group transactions between the Group and its investees are eliminated to the extent of the Group’s interests in the investees, on the basis of which the investment income or losses are recognised. The unrealised loss on the intra-Group transaction between the Group and its investees, of which nature is asset impairment, is recognised in full amount, and the relevant unrealised loss is not allowed to be eliminated. If the Group invests a business to investee as a long-term equity investment but not obtain control, the fair value of the invested business shall be used as the initial investment cost of the long-term equity investment. The difference between the carrying amount of the initial cost of investment and the invested business is recognised in profit or loss.

#### **(c) Impairment of long-term equity investments**

For investments in subsidiaries, joint ventures and associates, if the recoverable amount is lower than its carrying amount, the carrying amount shall be written down to the recoverable amount (Note 4(16)). After an impairment loss has been recognised, it shall not be reversed in future accounting periods for the part whose value has been recovered.

#### **(d) Joint Operations**

A joint operation is an arrangement whereby the Group and other joint operators have joint control and the Group has rights to the assets and obligation for the liabilities, relating to the arrangement.

The Group recognises items related to its interest in a joint operation as follows:

- its solely-held assets, and its share of any assets held jointly;
- its solely-assumed liabilities, and its share of any liabilities incurred jointly;

- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its solely-incurred expenses, and its share of any expenses incurred jointly.

#### (10) Fixed Assets

Fixed assets comprise buildings, equipment and machinery, motor vehicles and others. Fixed assets purchased or constructed are initially recorded at cost. The fixed assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

Subsequent expenditures for fixed assets are included in the cost of fixed assets only when it is probable that in future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditures are charged to profit or loss during the financial period in which they are incurred.

Fixed assets are depreciated using the straight-line method based on the balance of their costs less estimated residual values over their estimated useful lives. For those fixed assets being provided for impairment loss, the related depreciation charge is determined based on the net value lessening the impairment recognised over their remaining useful lives.

The estimated useful lives, estimated net residual value ratios and annual depreciation rates of the fixed assets are as follows:

	Estimated useful lives	Estimated net residual value ratio %	Annual depreciation rate %
Buildings	8 to 40 years	5	2.4 to 11.9
Equipment and machinery	4 to 30 years	3 to 5	3.2 to 24.3
Motor vehicles	4 to 14 years	5	6.8 to 23.8
Others	5 to 12 years	5	7.9 to 19.0

The estimated useful lives, estimated net residual values and depreciation method of the fixed assets are reviewed, and adjusted if appropriate, at year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 4(16)).

The carrying amounts of fixed assets are derecognised when the fixed assets are disposed or no future economic benefits are expected from their use or disposal. When fixed assets are sold, transferred, disposed or damaged, the amount of disposal gains after deducting its book value and related taxes are recorded in profit or loss.

#### (11) Oil and Gas Properties

Oil and gas properties include the mineral interests in properties, wells and related facilities arising from oil and gas exploration and production activities.

The costs of obtaining the mineral interests in properties are capitalised when they are incurred and are initially recognised at acquisition costs. Exploration license fee, production license fee, rent and other costs for retaining the mineral interests in properties, subsequent to the acquisition of the mineral interests in properties, are charged to profit or loss.

The Ministry of Natural Resources in China issues production licenses to applicants on the basis of the reserve reports approved by relevant authorities.

The oil and gas properties are accrued depletion based on the unit of production method except for the mineral interests in unproved properties which are not subjected to depletion. Unit of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of production licenses.

The carrying amount of oil and gas properties is reduced to the recoverable amount when their recoverable amount is lower than their carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset (or asset group, a set of asset groups, the same below) (Note 4(16)).

#### (12) Construction in Progress

Construction in progress is recognised at actual cost. The actual cost comprises construction costs, other necessary costs incurred and the borrowing costs eligible for capitalisation to prepare the asset for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

Oil and gas exploration costs include drilling exploration costs and the non-drilling exploration costs, the successful efforts method is used for the capitalisation of the drilling exploration costs. Drilling exploration costs included in the oil and gas exploration costs are capitalised as wells and related facilities when the wells are completed and economically proved reserves are found. Drilling exploration costs related to the wells without economically proved reserves less the net residual value are recorded in profit or loss. The related drilling exploration costs for the sections of wells with economically proved reserves are capitalised as wells and related facilities, and the costs of other sections are recorded in profit or loss. Drilling exploration costs are temporarily capitalised pending the determination of whether economically proved reserves can be found within one year of the completion of the wells. For wells that are still pending determination of whether economically proved reserves can be found after one year of completion, the related drilling exploration costs remain temporarily capitalised only if sufficient reserves are found in those wells and further exploration activities are required to determine whether they are economically proved reserves or not, and further exploration activities are under way or firmly planned and are about to be implemented. Otherwise the related costs are recorded in profit or loss. If proved reserves are discovered in a well, for which the drilling exploration costs have been expensed previously, no adjustment should be made to the drilling exploration costs that were expensed, while the subsequent drilling exploration costs and costs for completion of the well are capitalised. The non-drilling exploration costs are recorded in profit or loss when incurred. Oil and gas development costs are capitalised as the respective costs of wells and related facilities for oil and gas development based on their intended use. The economically proved reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government supervision regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

The Group sells the products or by-products produced before the fixed assets reach the scheduled useable state, or in the research and development process, which be determined as trial operation sales. Related income and cost are present respectively in financial statements according to the daily activities and non-daily activities, which generated from daily activities are shown in “Operating income” and “Cost of sales”, and which generated from non-daily activities are shown in “Gains from asset disposal” and other items.

### (13) Intangible Assets and Goodwill

Intangible assets include land use rights and patents, etc., and are initially recorded at cost. The intangible assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valued amount approved by the relevant authorities managing the state-owned assets.

Land use rights are amortised using the straight-line method over 30 to 50 years. If it is impracticable to allocate the amount paid for the purchase of land use rights and buildings between the land use rights and the buildings on a reasonable basis, the entire amount is accounted for as fixed assets.

The franchise is initially recorded at actual cost, and amortised using the straight-line method over estimated useful lives of gas station.

Patent and other intangible assets are initially recorded at actual cost, and amortised using the straight-line method over their estimated useful lives.

The carrying amount of intangible assets is written down to its recoverable amount when the recoverable amount is lower than the carrying amount (Note 4(16)). The estimated useful years and amortisation method of the intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each financial year-end.

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer’s interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note 4(16)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

### (14) Research and Development

The Group’s expenditures on research and development mainly include expenditures on materials consumed for the implementation of the research and development activities, research and development department employee benefits, depreciation and amortisation of assets such as equipment and software used in research and development, research and development testing, and research and development technical service fees.

Research expenditure incurred is recognised as an expense. Costs incurred on development projects shall not be capitalised unless they satisfy the following conditions simultaneously:

- In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- It is intended by management to finish and use or sell the intangible asset;
- It is able to prove that the intangible asset is to generate economic benefits;
- With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and
- The costs attributable to the development of the intangible asset can be reliably measured.

Costs incurred on development projects not satisfying the above conditions shall be recorded in profit or loss of the current period. Costs incurred on development recorded in profit or loss in previous accounting periods shall not be re-recognised as asset in future accounting periods. Costs incurred on development already capitalised shall be listed as development expenditure in the balance sheet, which shall be transferred to intangible asset from the date when the expected purposes of use are realised.

#### (15) Long-term Prepaid Expenses

Long-term prepaid expenses are the expenses that should be borne by current and subsequent periods and should be amortised over more than one year. Long-term prepaid expenses are amortised using the straight-line method over the expected beneficial periods and are presented at cost less accumulated amortisation.

#### (16) Impairment of Non-current Assets

Fixed assets, oil and gas properties except for mineral interests in unproved properties, construction in progress, intangible assets with finite useful life, long-term equity investments, long-term prepaid expenses and right-of-use assets are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount if the impairment test indicates that the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset. Impairment should be assessed and recognised for each individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash flow.

The goodwill, presented separately in financial statements, is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing, and should be subject to impairment assessment at least on an annual basis regardless whether there exists any indicators of impairment. Where the impairment assessment indicates that, for the cash-generating unit (that includes the allocated goodwill), the recoverable amount is lower than the carrying value, then an impairment loss will be recorded.

The mineral interests in unproved properties are tested annually for impairment. If the cost incurred to obtain a single property is significant, the impairment test is performed and the impairment loss is determined on the basis of the single property. If the cost incurred to obtain a single property is not significant and the geological structure features or reserve layer conditions are identical or similar to those of other adjacent properties, impairment tests are performed on the basis of a group of properties that consist of several adjacent mining areas with identical or similar geological structure features or reserve layer conditions.

Once an impairment loss of these assets is recognised, it is not allowed to be reversed even if the value can be recovered in subsequent period.

### (17) Borrowing Costs

Borrowing costs incurred that are directly attributable to the acquisition and construction of fixed assets and oil and gas properties, which require a substantial period of time for acquisition and construction activities to get ready for their intended use, are capitalised as part of the cost of the assets when capital expenditures and borrowing costs have already incurred and the activities of acquisition and construction necessary to prepare the assets to be ready for their intended use have commenced. The capitalisation of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are recognised as financial expense. Capitalisation of borrowing costs should be suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally, and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing taken specifically for the acquisition or construction activities for preparing fixed asset and oil and gas property eligible for capitalisation, the to-be-capitalised amount of interests shall be determined according to the actual costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition or construction of fixed asset and oil and gas property eligible for capitalisation, the Group shall calculate and determine the to-be-capitalised amount of interests on the general borrowing by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the weighted average actual rate of the general borrowing used. The actual rate is the rate used to discount the future cash flow of the borrowing during the expected existing period or the applicable shorter period to the originally recognised amount of the borrowing.

### (18) Employee Compensation

#### (a) Short-term benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

**(b) Post-employment benefits - Defined Contribution Plans**

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group has similar defined contribution plans for its employees in its overseas operations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

In addition, the Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred.

The Group has no other material obligation for the payment of pension benefits associated with schemes beyond the contributions described above.

**(19) Government Grants**

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss in a reasonable and systematic manner within the useful life of the relevant assets. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised initially as deferred income, and recognised in profit or loss or released to relevant cost in the period in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses already incurred is recognised to profit or loss or released to related cost immediately.

Government grants related to daily activities are recognised in other income or written down the related cost and expenses according to the nature of business activities. Government grants related to non-daily activities are recognised in non-operating income or expenses.

## (20) Provisions

Provisions for product quality guarantee, onerous contracts, etc. are recognised when the Group has present obligations, and it is probable that an outflow of economic benefits will be required to settle the obligations, and the amounts can be reliably estimated.

Provisions are measured at the best estimate of the expenditures expected to be required to settle the present obligation. Factors surrounding the contingencies such as the risks, uncertainties and the time value of money shall be taken into account as a whole in reaching the best estimate of provisions. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash flows. The increase in the discounted amount of the provision arising from the passage of time is recognised as interest expense.

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties. Interest expenses from the assets retirement obligations for each period are recognised with the effective interest method during the useful life of the related oil and gas properties. Due to technological progress, legal requirements or changes in the market environment, changes in the provisions caused by changes in the amount of expenditure, estimated time of retirement obligations, discount rate, etc., may occur in fulfilling the retirement obligation. For an increase in provisions, the cost of oil and gas properties will be increased accordingly; for a decrease in provisions, the cost of oil and gas properties will be deducted within the limit of the carrying amount of assets related to decommissioning expenses. If a decrease in the provision exceeds the carrying amount of the oil and gas properties recognised corresponding to the provision, the excess shall be recognised immediately in profit or loss.

If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in profit or loss when occurred.

## (21) Specific reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses.

When the safety fund is subsequently used for expenditure as expense, the specific reserve is reduced accordingly. When the safety fund is subsequently used for the construction or acquisition of fixed assets, the Group recognises the capitalised expenditure incurred as the cost of the fixed assets when the related assets are ready for their intended use. In such cases, the specific reserve is reduced by the amount that corresponds to the cost of the fixed assets and the credit side is recognised in the accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

## (22) Income Tax

Current and deferred taxes are recognised in profit or loss, except for income tax arising from business combination or transactions or events which are directly included in owners' equity (including other comprehensive income).

Current tax is the expected tax payable on the taxable income for the year, using tax rates stipulated by the tax law, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets are offset against current tax liabilities if the Group has a legal right to settle on a net basis and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences (temporary differences) arising between the tax bases of assets and liabilities and their carrying amounts. The deductible losses, which can be utilised against the future taxable profit in accordance with tax law, are regarded as temporary differences and a deferred tax asset is recognised accordingly. The deferred tax assets and deferred tax liabilities are not accounted for the temporary differences resulting from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits (or deductible loss) and do not result in an equivalent amount of taxable and deductible temporary differences. At the balance sheet date, deferred tax assets and deferred tax liabilities are determined using tax rates that are expected to apply to the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets of the Group are recognised for deductible temporary differences and deductible losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, to the extent that, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and deferred tax liabilities which meet the following conditions shall be presented on a net basis after offset:

- Deferred tax assets and deferred tax liabilities are related to the income tax of the same entity within the Group levied by the same authority;
- This entity within the Group is legally allowed to settle its current tax assets and liabilities on a net basis.

### (23) Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract which the Group grants a customer the option to acquire additional goods or services (such as loyalty points), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods or services are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer can control the asset created or enhanced during the Group's performance;
- The Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- The Group has a present right to payment for the product or service;
- The Group has transferred physical possession of the goods to the customer;
- The Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- The customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (Note 4(7)(f)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

**(a) Sales of goods**

The Group shall recognise revenue when (or as) the customer obtains control of relevant product. Obtaining control of relevant product means that a customer can dominate the use of the product and obtain almost all the economic benefits from it.

**(b) Rendering of services**

The Group recognises its revenue from rendering of services on performance progress. Customers simultaneously receive the service as the Group performs its obligation over time and consume the benefits arising from the Group's performance. Otherwise, a performance obligation is satisfied at a point in time, the Group shall recognise revenue when (or as) the customer obtains control of revenue service.

**(c) Loyalty points**

Under its customer loyalty programme, the Group allocates a portion of the transaction price received to loyalty points that are redeemable against any future purchases of the Group's goods or services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire.

**(d) Recognition of sales income under the trade mode**

In the trading of crude oil, natural gas, refined oil and chemical products, the Group procures related products according to the supply and demand relationship and the customer order demand. For such business, the Group is responsible for delivering products and ensuring that the specifications and quality meet the customer's requirements. The Group has the right to determine suppliers and purchase pricing, and there are various alternative qualified suppliers. Meanwhile, the Group has the right to determine the products sold and the selling price, and bears the risk of product price fluctuation. As a result, the Group has obtained control of a product before it is sold to a customer, and has recognised the revenue from the sales of the product accordingly on the basis of the gross carrying amount.

**(24) Contract Costs**

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract ;
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- Remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

#### (25) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-

lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note 4(23).

**(a) The Group as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4(16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- There is a change in the amounts expected to be payable under a residual value guarantee;
- There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- There is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option in a different manner from the original assessment.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

**(b) The Group as a lessor**

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease. There are no significant finance leases for the Group.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

**(26) Dividend Distribution**

Dividend distribution is recognised as a liability in the period in which it is approved by a resolution of shareholders' general meeting.

**(27) Business Combination**

The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

**(a) Business combination under common control**

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The net assets obtained by the acquirer are measured based on their carrying value in the consolidated financial statement of the ultimate controlling party at the combination date. The difference between the carrying value of the net assets obtained and the carrying value of the consideration is adjusted against the capital surplus. If the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

Costs incurred directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired. The combination date is the date on which one combining entity obtains control of other combining entities.

**(b) Business combination not under common control**

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquisition costs paid and the acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised directly in profit or loss.

Costs which are directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired. The acquisition date is the date on which the acquirer obtains control of the acquiree.

**(28) Basis of Preparation of Consolidated Financial Statements**

The scope of consolidated financial statements includes the Company and its subsidiaries controlled by the Company. Control exists when the Group has all the following: power over the investees; exposure, or rights to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where a subsidiary was acquired, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. And their net profit earned before the combination date shall be presented separately in the consolidated income statement.

When the accounting policies and accounting periods of subsidiaries are not consistent with those of the Company, the Company will make necessary adjustments to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods. Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

All material intercompany balances, transactions and unrealised gains within the Group are eliminated upon consolidation. The portion of the equity or net profit of the subsidiaries that is not attributable to the Company is treated as non-controlling interests and total comprehensive income and presented separately within equity in the consolidated balance sheet or within net profit and total comprehensive income in the consolidated income statement.

### (29) Segment Reporting

The Group determines its operating segments based on its organisational structure, management requirements and internal reporting system. On the basis of these operating segments, the Group determines the reporting and disclosure of segmental information.

An operating segment refers to a component of the Group that simultaneously meet the following criteria: (1) the component can generate revenue and incur expenses in ordinary activities; (2) the component's financial performance can be regularly reviewed by the Group's management to make decisions about resource allocation to the component and assess its performance; (3) the Group can obtain financial information relating to the financial position, financial performance and cash flows, etc. of the component. When two or more operating segments exhibit similar economic characteristics and meet certain requirements, the Group may aggregate these operating segments into a single operating segment.

The Group also discloses total external revenue derived from other regions outside China's mainland and the total non-current assets located in other regions outside China's mainland.

### (30) Related Party

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

The Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

### (31) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### (a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also important elements in testing for impairment related to oil and gas production activities. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the income statements for property, plant and equipment related to oil and gas production activities. An increase/decrease in proved developed reserves will decrease/increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

**(b) Estimation of impairment of fixed assets and oil and gas properties**

Fixed assets and oil and gas properties are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future price of crude oil and natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profile and the oil and gas reserves. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in the future, the Group may either over or under recognise the impairment losses for certain assets.

**(c) Estimation of asset retirement obligations**

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price level, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the management plan for the decommissioning of oil and gas properties, the estimation of the economic lives of oil and gas properties and estimates of discount rates. Changes in any of these estimates will impact the financial performance and the financial position of the Group over the remaining economic lives of the oil and gas properties.

According to changes in the internal and external environment, accounting standards and company asset retirement expense measures and other relevant regulations, oil and gas field companies recalculate their asset retirement obligations of oil and gas properties based on the latest parameters to more objectively reflect the actual situation of the Group's asset retirement obligation of oil and gas properties.

## 5 TAXATION

The principal taxes and related tax rates of the Group are presented as below:

Types of taxes	Tax rate	Tax basis and method
Value Added Tax (the "VAT")	13%, 9% or 6%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	6%	Based on the revenue from sales of crude oil and natural gas.
Consumption Tax	Based on quantities	Based on sales quantities of taxable products. RMB1.52 per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB1.2 per litre for diesel and fuel oil.
Corporate Income Tax	15% to 82%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
Levy for mineral rights concessions	0.3%, 0.6% or 0.8%	Levy for mineral rights concessions includes the transaction price of exploration rights (mining rights) and the proceeds from the granting of the mining rights to be levied on a year-by-year basis. The transaction price of the exploration rights (mining rights) is recognised and levied at the time of the grant. The proceeds from the granting of the mining rights to be levied on a year-by-year basis is calculated based on the annual revenue of mineral products.
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual VAT and consumption tax paid.
Educational surcharge	2% or 3%	Based on the actual VAT and consumption tax paid.
Urban and Township Land Use Tax	RMB0.9 to 30	Based on the actual land area occupied in each provinces, autonomous regions and municipalities.

According to “Notice Concerning Import Tax Policies Related to Exploration, Development and Utilisation of Energy Resources During the 14th Five-Year Plan Period” (Cai Guan Shui [2021] No.17) jointly issued by Ministry of Finance, State Taxation Administration and General Administration of Customs, for the period from January 1, 2021 to December 31, 2025, the import VAT of the import link shall be returned in proportion to the projects of cross-border natural gas pipelines and imported liquefied natural gas (LNG) receiving storage and transportation units approved by National Development and Reform Commission (“NDRC”). This also includes natural gas (including pipeline natural gas and LNG) imported from the expansion project of the import LNG receiving storage and transportation plant approved by the provincial governments. The import duties of equipment, instruments, spare parts and special tools shall be exempted to the self-employed projects carrying out oil (natural gas) exploration and development operations in particular areas within the territory of China. The import duties and import VAT of equipment, instruments, spare parts and special tools shall be exempted to the Sino-foreign cooperation project carrying out oil (natural gas) exploration and development operations within the winning block of onshore oil (natural gas) approved by the State, projects carrying out oil (natural gas) exploration and development operations in China’s oceans, emergency rescue projects for offshore oil and gas pipelines, and projects carrying out coal seam gas exploration and development operations in China.

Ministry of Finance and State Taxation Administration jointly issued the “Notice on Reduction of Resource Tax Assessed on Shale Gas” (Cai Shui [2018] No.26) on March 29, 2018. Pursuant to such notice, in order to promote the development and utilisation of shale gas and effectively increase natural gas supply, from April 1, 2018 to March 31, 2021, a reduction of 30% will apply to the resource tax assessed on shale gas (at the prescribed tax rate of 6%). On March 15, 2021, Ministry of Finance and State Taxation Administration jointly issued “Notice on Extending the Implementation Period of Some Preferential Tax Policies” (Notice 2021 No.6 issued by Ministry of Finance and State Taxation Administration) to announce the implementation period of that preferential tax policies would be extended to December 31, 2023, the original Preferential Tax Policies expires on March 31, 2021. On September 20, 2023, the Ministry of Finance and the State Taxation Administration issued the “Announcement on Extension of the Preferential Resource Tax Reduction Policy for Shale Gas” (Notice No. 46 [2023] issued by the Ministry of Finance and the State Taxation Administration), under which the shale gas resource tax (at the prescribed rate of 6%) would continue to be reduced by 30% until December 31, 2027.

Pursuant to the Notice from Ministry of Finance on the “Increase of the Threshold of the Crude Oil Special Gain Levy” (Cai Shui [2014] No. 115), the threshold of the crude oil special gain levy shall be USD65 per barrel, which has 5 levels and is calculated and charged according to the progressive and valorem rates on the excess amounts from January 1, 2015.

In accordance with the Circular jointly issued by Ministry of Finance, the General Administration of Customs of the PRC and State Taxation Administration on “Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy” (Cai Shui [2011] No.58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%. On April 23, 2020, Ministry of Finance, State Taxation Administration and the NDRC issued the “Announcement on Continuing the Income Tax Policy for Western Development” (Notice No.23 of 2020 of the MOF, the SAT, the NDRC), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2021 to December 31, 2030.

According to the Circular of the Ministry of Finance, Ministry of Natural Resources and State Taxation Administration on the Issuance of the Measures for the Collection of Levy for Mineral Rights Concessions (Cai Zong [2023] No. 10), levy for mineral rights concessions = the transaction price of the exploration rights (mining rights) + the proceeds from the granting of the mining rights to be levied on a year-by-year basis. The transaction price of exploration rights (mining rights) is determined mainly on the basis of the area of the mining rights, taking into account such factors as mineralization conditions, the degree of exploration, changes in the market and competitive situation for mining rights. The transaction price of the exploration rights (mining rights) is levied at the time of the transfer. The proceeds from the granting of the mining rights to be levied on a year-by-year basis = annual revenue from the sale of mineral commodities × the rate of levy for mineral rights concessions, the rate of levy for mineral rights concessions for oil, natural gas, shale gas and natural gas hydrates in land area is 0.8%. The rate of levy for mineral rights concessions in sea area is 0.6%, and the rate of levy for mineral rights concessions for coalbed methane is 0.3%.

## 6 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

### (1) Principal subsidiaries

Company name	Acquisition method	Country of incorporation	Registered capital	Principal activities	Type of legal entity	Legal representative	Closing effective investment cost	Attributable equity interest %		Attributable voting rights %	Consolidated or not
								Direct holding	Indirect holding		
Daqing Oilfield Company Limited	Established	PRC	47,500	Exploration, production and sales of crude oil and natural gas	Limited liability company	Zhu Guowen	66,720	100.00	-	100.00	Yes
CNPC Exploration and Development Company Limited(i)	Business combination involving entities under common control	PRC	16,100	Exploration, production and sales of crude oil and natural gas outside the PRC	Limited liability company	Chen Mingzhuo	23,778	50.00	-	100.00	Yes
Guangdong Petrochemical Co., Ltd.	Established	PRC	20,000	Engaged in the production and sale of oil refining, petrochemical and chemical products, finished oil storage	Limited liability company	He Jun	25,647	90.00	-	90.00	Yes
PetroChina Hong Kong Limited	Established	HK	HK Dollar ("HKD") 7,592 million	Investment holding. The principal activities of its subsidiaries, associates and joint ventures are the exploration, production and sales of crude oil in and outside the PRC as well as natural gas sales and transmission in the PRC	—	N/A	25,590	100.00	-	100.00	Yes
PetroChina International Investment Company Limited	Established	PRC	36,042	Investment holding. The principal activities of its subsidiaries, associates and joint ventures are the exploration, development and production of crude oil, natural gas, oilsands and coalbed methane outside the PRC	Limited liability company	Chen Mingzhuo	36,042	100.00	-	100.00	Yes
PetroChina International Company Limited	Established	PRC	18,096	Engaged in trading of crude oil, natural gas and petrochemical products, storage, investment in refining, chemical engineering, storage facilities, service station, and transportation facilities and related business in and outside the PRC	Limited liability company	Wu Junli	18,953	100.00	-	100.00	Yes
PetroChina Sichuan Petrochemical Company Limited	Established	PRC	10,000	Engaged in the production and sale of oil refining, petrochemical and chemical products, chemical technology development, technology transfer and technical services	Limited liability company	Dai Qinrong	21,600	90.00	-	90.00	Yes
KunLun Energy Company Limited (ii)	Business combination involving entities under common control	Bermuda	HK Dollar ("HKD") 160 million	Investment holding. The principal activities of its principal subsidiaries, associates and joint ventures are the sales of natural gas, sales of liquefied petroleum gas and liquefied natural gas processing and storage and transportation and sales business in the PRC and the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, the Republic of Peru, the Kingdom of Thailand and the Republic of Azerbaijan	—	Liu Guohai	HK Dollar ("HKD") 87 million	-	54.38	54.38	Yes
PetroChina Taihu (Beijing) Investment Co., Ltd. ("Taihu Company")	Established	PRC	5,800	Engaged in investing activities, financial consulting, information consulting services	Limited liability company	Ren Lixin	34,983	100.00	-	100.00	Yes

- (i) The Company consolidated the financial statements of the entity because it has obtained 100% of the voting rights through a concerted action declaration executed by the other shareholder, and it is exposed to, or has rights to get variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- (ii) KunLun Energy Company Limited is a company listed on The Stock Exchange of Hong Kong Limited.

(2) Exchange rates of foreign operations' major financial statement items

Company name	Assets and liabilities	
	December 31, 2025	December 31, 2024
PetroKazakhstan Inc.	1 USD =7.0288 RMB	1 USD =7.1884 RMB
PetroChina Hong Kong Limited	1 HKD =0.9032 RMB	1 HKD =0.9260 RMB
Singapore Petroleum Company Limited	1 USD =7.0288 RMB	1 USD =7.1884 RMB

Owner's equity items, except for "undistributed profit", are using the spot exchange rate at the time of incurrence. Revenue, expense and cash flow items are using the spot rate or an approximate spot exchange rate on the date of the transaction.

## 7 CASH AT BANK AND ON HAND

	December 31, 2025	December 31, 2024
Cash on hand	7	15
Cash at bank	236,612	213,410
Other monetary funds	2,289	2,821
	238,908	216,246

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2025:

Foreign Name	Foreign currency	Exchange rate	RMB equivalent
USD	18,754	7.0288	131,818
HKD	11,905	0.9032	10,753
KZT	113,956	0.0140	1,595
Others			1,772
			145,938

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2024:

Foreign Name	Foreign currency	Exchange rate	RMB equivalent
USD	17,661	7.1884	126,954
HKD	9,487	0.9260	8,785
KZT	100,693	0.0139	1,400
Others			2,811
			139,950

The Group's cash at bank and on hand in foreign currencies mainly comprise cash at bank.

The carrying amount of the Group's cash at bank deposited at related finance company was RMB63,776 as of December 31, 2025 (December 31, 2024: RMB62,843).

There were no deposits held in margin accounts were pledged as collateral for USD loans as of December 31, 2025 (December 31, 2024: Nil).

## 8 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are mainly commodity futures, commodity swaps and commodity forwards contracts. See Note 61.

## 9 ACCOUNTS RECEIVABLE

	The Group		The Company	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Accounts receivable	81,253	74,678	6,407	7,807
Less: Provision for bad debts	(3,324)	(3,068)	(600)	(588)
	<u>77,929</u>	<u>71,610</u>	<u>5,807</u>	<u>7,219</u>

The aging of accounts receivable and related provision for bad debts are analysed as follows:

	The Group					
	December 31, 2025			December 31, 2024		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	74,995	92	(247)	69,615	93	(1,050)
1 to 2 years	3,792	5	(1,032)	2,332	3	(87)
2 to 3 years	481	1	(126)	899	1	(180)
Over 3 years	1,985	2	(1,919)	1,832	3	(1,751)
	<u>81,253</u>	<u>100</u>	<u>(3,324)</u>	<u>74,678</u>	<u>100</u>	<u>(3,068)</u>

	The Company					
	December 31, 2025			December 31, 2024		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	5,415	85	(29)	6,386	82	(85)
1 to 2 years	325	5	(10)	470	6	(15)
2 to 3 years	132	2	(30)	570	7	(107)
Over 3 years	535	8	(531)	381	5	(381)
	<u>6,407</u>	<u>100</u>	<u>(600)</u>	<u>7,807</u>	<u>100</u>	<u>(588)</u>

The aging is counted starting from the date when accounts receivable are recognised.

The Group measures loss allowance for accounts receivable at an amount equal to lifetime ECLs. The ECLs were calculated by reference to the historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of ECL rates by the operating segment and geography.

The provision for bad debts of accounts receivable is analysed by category as follows:

	December 31, 2025				December 31, 2024			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %
Provision for bad debts on an individual basis(i)	4,549	6	(2,260)	49.7	4,457	6	(2,014)	45.2
Provision for bad debts on a collective basis (ii)	76,704	94	(1,064)	1.4	70,221	94	(1,054)	1.5
	<u>81,253</u>	<u>100</u>	<u>(3,324)</u>		<u>74,678</u>	<u>100</u>	<u>(3,068)</u>	

(i) Accounts receivable for which the related provision for bad debts is provided on an individual basis are analysed as follows:

As part of such accounts receivable have a long ageing, the Group estimates the recoverable amount based on the business operation, financial information and other available information of the debtor, and recognises the ECL as the difference between the accounts receivable and the amount that may be recovered under the contract.

(ii) Provision for bad debts made on a collective basis for accounts receivable is analysed as follows:

	December 31, 2025			December 31, 2024		
	Gross carrying amount	Provision for bad debts		Gross carrying amount	Provision for bad debts	
		Lifetime ECL rates	Amount		Lifetime ECL rates	Amount
Current	73,090	0.3%	196	66,438	0.2%	101
Within one year past due	1,790	3.9%	70	1,732	3.9%	67
One-two years past due	734	14.9%	109	589	13.8%	81
Two-three years past due	434	28.1%	122	790	22.8%	180
Over three years past due	656	86.4%	567	672	93.0%	625
	<u>76,704</u>		<u>1,064</u>	<u>70,221</u>		<u>1,054</u>

As of December 31, 2025, the top five debtors of accounts receivable of the Group amounted to RMB29,860, representing 37% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts was RMB995 (As of December 31, 2024, the top five debtors of accounts receivable of the Group amounted to RMB23,088, representing 31% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts was RMB789).

During the year ended December 31, 2025 and the year ended December 31, 2024, the Group had no significant write-off of accounts receivable.

## 10 RECEIVABLES FINANCING

Receivables financing mainly represents bills of acceptance issued by banks for the sale of goods and rendering of services.

The Group's business model of financial assets at fair value through other comprehensive income is achieved both by collecting contractual cash flows and selling of these assets. In 2025, the bank acceptance notes endorsed or discounted by the Group and all the risks and rewards of ownership of the bank acceptance notes were substantially transferred to other parties, the carrying amounts of such bank acceptance notes derecognised amounted to RMB9,900 and RMB45,853 (2024: RMB2,512 and RMB26,650) respectively, with the losses on discount of RMB167 recognised in profit or loss (2024: RMB68).

As of December 31, 2025 and December 31, 2024, all receivables financing of the Group are due within one year.

## 11 Advances to suppliers

	December 31, 2025	December 31, 2024
Advances to suppliers	15,369	14,504
Less: Provision for impairment	(705)	(312)
	14,664	14,192

As of December 31, 2025 and December 31, 2024, advances to suppliers of the Group were mainly aged within one year.

As of December 31, 2025, the top five debtors of advances to suppliers of the Group amounted to RMB7,796, representing 51% of total advances to suppliers (As of December 31, 2024, the top five debtors of advances to suppliers of the Group amounted to RMB5,639, representing 39% of total advances to suppliers).

## 12 OTHER RECEIVABLES

	The Group		The Company	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Dividends receivable	71	1,965	3,004	21
Others (a)	25,953	32,422	6,661	8,433
Total	26,024	34,387	9,665	8,454

(a) The aging of other receivables and the related provision for bad debts are analysed as follows

	The Group					
	December 31, 2025			December 31, 2024		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	20,397	69	(261)	26,291	74	(230)
1 to 2 years	1,670	6	(81)	3,529	10	(207)
2 to 3 years	2,594	9	(152)	721	2	(48)
Over 3 years	4,765	16	(2,979)	5,155	14	(2,789)
	29,426	100	(3,473)	35,696	100	(3,274)

	The Company					
	December 31, 2025			December 31, 2024		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	4,764	57	(18)	5,639	56	(33)
1 to 2 years	392	5	(30)	981	10	(110)
2 to 3 years	422	5	(104)	398	4	(20)
Over 3 years	2,772	33	(1,537)	3,074	30	(1,496)
	<u>8,350</u>	<u>100</u>	<u>(1,689)</u>	<u>10,092</u>	<u>100</u>	<u>(1,659)</u>

The provision for bad debts of other receivables is analysed by category as follows:

	December 31, 2025				December 31, 2024			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %	Amount	Percentage %
Provision for bad debts on an individual basis	7,226	25	(3,173)	43.9	3,474	10	(3,271)	94.2
Provision for bad debts on a collective basis	22,200	75	(300)	1.4	32,222	90	(3)	0.0
	<u>29,426</u>	<u>100</u>	<u>(3,473)</u>		<u>35,696</u>	<u>100</u>	<u>(3,274)</u>	

The aging is counted starting from the date when other receivables are recognised.

As of December 31, 2025, the top five debtors of other receivables of the Group amounted to RMB14,260, representing 48% of total other receivables, and for bad and doubtful debts amount to RMB22 (As of December 31, 2024, the top five debtors of other receivables of the Group amounted to RMB14,194, representing 40% of total other receivables, and there were no provision for bad and doubtful debts).

As of December 31, 2025 and December 31, 2024, the Group's other receivables are mainly in the first stage, i.e. Credit risk has not increased significantly since initial recognition.

During the year ended December 31, 2025 and the year ended December 31, 2024, the Group had no significant write-off of other receivables.

### 13 INVENTORIES

	December 31, 2025	December 31, 2024
Cost		
Crude oil and other raw materials	52,281	63,516
Work in progress	15,481	16,073
Finished goods	85,304	91,394
Spare parts and low-value consumables	241	189
	<u>153,307</u>	<u>171,172</u>
Less: Write down in inventories	(2,754)	(2,834)
Net book value	<u>150,553</u>	<u>168,338</u>

### 14 OTHER CURRENT ASSETS

The balance of other current assets mainly consists of value-added tax recoverable and prepaid income tax.

### 15 LONG-TERM EQUITY INVESTMENTS

	The Group			December 31, 2025
	December 31, 2024	Additions	Reductions	
Associates and joint ventures (a)	295,679	31,711	(14,110)	313,280
Less: Provision for impairment (b)	(5,602)	(4,429)	326	(9,705)
	<u>290,077</u>			<u>303,575</u>

	The Company			December 31, 2025
	December 31, 2024	Additions	Reductions	
Subsidiaries (c)	318,125	47,499	(1,931)	363,693
Associates and joint ventures	223,405	14,890	(8,048)	230,247
Less: Provision for impairment	(384)	(35)	52	(367)
	<u>541,146</u>			<u>593,573</u>

(a) Principal associates and joint ventures of the Group

Company name	Country of incorporation	Principal activities	Registered capital	Interest held%		Voting rights %	Accounting method	Strategic decisions relating to the Group's activities
				Direct	Indirect			
China Oil & Gas Piping Network Corporation ("PipeChina")	PRC	Pipeline transport, storage service, import of equipment, import and export of techniques, science and technology research, research and application of informatization, technology consulting, technology service, technology transfer, promotion of technology	500,000	29.90	-	29.90	Equity method	Yes
China Petroleum Finance Co., Ltd. ("CP Finance")	PRC	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	16,395	32.00	-	32.00	Equity method	No
State Grid Xin Yuan Company Limited ("SGCC Xinyuan")(i)	PRC	Investing in the construction and operation of pumped storage power station projects, new energy power stations, and renewable energy projects; Engineering consulting, installation and construction related to the above business	29,132	-	14.79	14.79	Equity method	Yes
China Marine Bunker (PetroChina) Co., Ltd.	PRC	Oil import and export trade and transportation, sale and storage	1,000	-	50.00	50.00	Equity method	No
Mangistau Investment B.V.	Netherlands	Engaged in investment activities, the principal activities of its main subsidiaries are exploration, development and sales of oil and gas	USD 131 million	-	50.00	50.00	Equity method	No
Trans-Asia Gas Pipeline Co., Ltd.	PRC	Main contractor, investment holding, investment management, investment consulting, enterprise management advisory, technology development, promotion and technology consulting	5,000	-	50.00	50.00	Equity method	No

(i) On June 20, 2025, with the approval of the 13th meeting of the 9th Board of the Company, Taihu Company acquired 14.79% equity of SGCC Xinyuan.

Investments in principal associates and joint ventures are listed below:

	Investment cost	December 31, 2024	Additional investment	Investment income recognised under equity method	Other comprehensive income	Cash dividend declared	Others	December 31, 2025
PipeChina	149,500	163,997	-	9,291	-	(5,628)	(71)	167,589
CP Finance	10,223	28,221	-	1,796	(196)	(473)	-	29,348
SGCC Xinyuan	10,808	-	10,808	235	4	-	5	11,052
China Marine Bunker (PetroChina) Co., Ltd.	1,298	1,154	-	4	(7)	(8)	3	1,146
Mangistau Investment B.V.	21	4,047	-	410	16	(271)	-	4,202
Trans-Asia Gas Pipeline Co., Ltd.	2,017	23,122	-	576	119	(2,800)	-	21,017

### Associates

Summarised consolidated balance sheet in respect of the Group's principal associates and reconciliation to carrying amount is as follows:

	PipeChina		CP Finance		SGCC Xinyuan
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025
Percentage of ownership interest (%)	29.90	29.90	32.00	32.00	14.79
Current assets	71,938	70,803	395,048	392,405	20,573
Non-current assets	875,293	857,411	139,248	123,326	237,473
Current liabilities	123,106	111,879	438,130	422,634	12,163
Non-current liabilities	212,969	218,629	5,543	5,998	143,699
Net assets	611,156	597,706	90,623	87,099	102,184
Net assets attributable to owners of the Company	560,497	548,484	90,623	87,099	74,706
Group's share of net assets	167,589	163,997	28,999	27,872	11,052
Goodwill	-	-	349	349	-
Carrying amount of interest in associates	167,589	163,997	29,348	28,221	11,052

Summarised income statement and dividends received by the Group is as follows:

	PipeChina		CP Finance		SGCC Xinyuan
	2025	2024	2025	2024	2025
Operating income	120,363	119,800	13,702	16,729	37,352
Net profit	35,063	34,010	5,611	6,040	3,587
Other comprehensive income	-	-	(611)	956	27
Total comprehensive income	35,063	34,010	5,000	6,996	3,614
Total comprehensive income attributable to owners of the Company	31,075	29,817	5,000	6,996	1,911
Group's share of total comprehensive income	9,291	8,915	1,600	2,239	283
Dividends received by the Group	5,628	5,452	473	2,277	-

**Joint ventures**

Summarised consolidated balance sheet as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies in respect of the Group's principal joint ventures and reconciliation to carrying amount is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Percentage of ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,775	1,781	9,386	8,911	43,615	45,436
Current assets	8,979	10,575	2,881	2,925	2,319	6,843
Including: cash and cash equivalents	1,931	2,491	1,657	1,686	2,289	6,836
Non-current liabilities	123	147	2,568	2,517	3,782	2,124
Current liabilities	7,965	9,538	1,295	1,225	118	3,911
Net assets	2,666	2,671	8,404	8,094	42,034	46,244
Net assets attributable to owners of the Company	2,291	2,308	8,404	8,094	42,034	46,244
Group's share of net assets	1,146	1,154	4,202	4,047	21,017	23,122
Carrying amount of interest in joint ventures	1,146	1,154	4,202	4,047	21,017	23,122

Summarised income statement and dividends received by the Group is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	2025	2024	2025	2024	2025	2024
Operating income	58,093	65,524	11,656	13,323	21	18
Finance expenses	(216)	(262)	(259)	17	(89)	219
Including: Interest income	93	116	49	47	185	181
Interest expense	(309)	(385)	(226)	(270)	(47)	(47)
Taxation	(47)	(80)	(792)	(597)	(2,310)	(1,000)
Net profit	55	236	820	538	1,152	3,964
Other comprehensive income	(14)	4	32	(572)	238	(1,719)
Total comprehensive income	41	240	852	(34)	1,390	2,245
Total comprehensive income attributable to owners of the Company	(7)	187	852	(34)	1,390	2,245
Group's share of total comprehensive income	(4)	94	426	(17)	695	1,123
Dividends received by the Group	8	37	271	677	2,800	3,350

Dividends received and receivable from associates and joint ventures were RMB12,392 in 2025 (2024: RMB14,449).

In 2025, investments in associates and joint ventures of RMB1,021 (2024: RMB259) were disposed, resulting in an income of RMB381 (2024: a loss of RMB41) which was included in investment income, net.

In 2025, the share of profit and other comprehensive income in all individually immaterial associates and joint ventures accounted for using equity method in aggregate was RMB5,219 (2024: RMB5,338) and RMB406 (2024: RMB1,048), respectively.

(b) Provision for impairment

	December 31, 2024	Additions	Reductions	December 31, 2025
Associates and joint ventures				
Petrolera Sinovensa S.A.	-	(4,375)	70	(4,305)
Petrourica S.A.	(3,452)	-	77	(3,375)
PetroChina Shouqi Sales Company Limited	(60)	-	-	(60)
PetroChina Beiqi Sales (Beijing) Company Limited	(49)	-	-	(49)
Others	(2,041)	(54)	179	(1,916)
	<u>(5,602)</u>	<u>(4,429)</u>	<u>326</u>	<u>(9,705)</u>

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2024	Additions	Reductions	December 31, 2025
Daqing Oilfield Company Limited	66,720	66,720	-	-	66,720
PetroChina International Investment Company Limited	36,042	36,042	-	-	36,042
PetroChina Taihu (Beijing) Investment Co., Ltd.	34,983	4,059	30,924	-	34,983
Guangdong Petrochemical Co., Ltd.	25,647	25,647	-	-	25,647
PetroChina Hong Kong Limited	25,590	25,590	-	-	25,590
CNPC Exploration and Development Company Limited	23,778	23,778	-	-	23,778
PetroChina Sichuan Petrochemical Company Limited	21,600	21,600	-	-	21,600
PetroChina International Company Limited	18,953	18,953	-	-	18,953
Others		95,736	16,575	(1,931)	110,380
Total		<u>318,125</u>	<u>47,499</u>	<u>(1,931)</u>	<u>363,693</u>

Major financial information in respect of the Group's principal subsidiaries with significant non-controlling interest is as follows:

Summarised balance sheet is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Percentage of ownership interest (%)	50.00	50.00	90.00	90.00	90.00	90.00
Current assets	73,866	91,210	15,742	15,662	8,632	9,377
Non-current assets	151,091	133,703	11,388	12,820	56,657	61,605
Current liabilities	15,663	11,840	1,682	2,922	9,645	9,340
Non-current liabilities	8,994	13,432	51	79	25,948	32,428
Net assets	200,300	199,641	25,397	25,481	29,696	29,214

Summarised income statement is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	2025	2024	2025	2024	2025	2024
Revenue	46,958	52,221	54,145	58,750	104,097	112,684
Net profit	9,043	16,871	1,438	929	491	19
Total comprehensive income	6,199	16,484	1,438	929	491	19
Profit attributable to non-controlling interests	5,205	9,123	144	93	49	2
Dividends paid to non-controlling interests	3,290	3,339	154	5	2	21

Summarised statement of cash flows is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	2025	2024	2025	2024	2025	2024
Net cash flows from operating activities	8,274	12,929	3,349	3,503	7,547	10,573

## 16 FIXED ASSETS

	December 31, 2024	Additions	Reductions	December 31, 2025
<b>Cost</b>				
Buildings	294,151	37,157	(6,084)	325,224
Equipment and Machinery	943,043	76,996	(29,666)	990,373
Motor Vehicles	19,975	642	(1,619)	18,998
Others	51,056	5,938	(1,752)	55,242
Total	<u>1,308,225</u>	<u>120,733</u>	<u>(39,121)</u>	<u>1,389,837</u>
<b>Accumulated depreciation</b>				
Buildings	(149,769)	(13,422)	2,882	(160,309)
Equipment and Machinery	(566,873)	(47,100)	23,285	(590,688)
Motor Vehicles	(16,080)	(842)	1,491	(15,431)
Others	(28,619)	(2,610)	1,447	(29,782)
Total	<u>(761,341)</u>	<u>(63,974)</u>	<u>29,105</u>	<u>(796,210)</u>
<b>Fixed assets, net</b>				
Buildings	144,382			164,915
Equipment and Machinery	376,170			399,685
Motor Vehicles	3,895			3,567
Others	22,437			25,460
Total	<u>546,884</u>			<u>593,627</u>
<b>Provision for impairment</b>				
Buildings	(6,749)	(226)	169	(6,806)
Equipment and Machinery	(50,454)	(839)	1,886	(49,407)
Motor Vehicles	(125)	(2)	2	(125)
Others	(9,149)	(110)	59	(9,200)
Total	<u>(66,477)</u>	<u>(1,177)</u>	<u>2,116</u>	<u>(65,538)</u>
<b>Net book value</b>				
Buildings	137,633			158,109
Equipment and Machinery	325,716			350,278
Motor Vehicles	3,770			3,442
Others	13,288			16,260
Total	<u>480,407</u>			<u>528,089</u>

Depreciation charged to profit or loss provided on fixed assets for the year ended December 31, 2025 was RMB50,721 (2024: RMB50,126). Cost transferred from construction in progress to fixed assets was RMB97,780 (2024: RMB58,505).

As of December 31, 2025, the Group's fixed assets under operating leases were mainly equipment and machinery, the net book value of which amounted to RMB1,545 (2024: RMB1,561).

As of December 31, 2025, fixed assets with a book value of RMB1,161 (December 31, 2024: RMB1,134) were used as collateral for long-term borrowings of RMB982 (2024: RMB1,032) (Note 33).

## 17 OIL AND GAS PROPERTIES

	December 31, 2024	Additions	Reductions	December 31, 2025
<b>Cost</b>				
Mineral interests	71,964	1,314	(866)	72,412
Wells and related facilities	2,911,187	187,568	(55,053)	3,043,702
Total	<u>2,983,151</u>	<u>188,882</u>	<u>(55,919)</u>	<u>3,116,114</u>
<b>Accumulated depletion</b>				
Mineral interests	(26,963)	(965)	369	(27,559)
Wells and related facilities	(1,952,225)	(177,308)	42,979	(2,086,554)
Total	<u>(1,979,188)</u>	<u>(178,273)</u>	<u>43,348</u>	<u>(2,114,113)</u>
<b>Oil and gas properties, net</b>				
Mineral interests	45,001			44,853
Wells and related facilities	958,962			957,148
Total	<u>1,003,963</u>			<u>1,002,001</u>
<b>Provision for impairment</b>				
Mineral interests	(34,503)	(654)	-	(35,157)
Wells and related facilities	(94,024)	(8,251)	1,213	(101,062)
Total	<u>(128,527)</u>	<u>(8,905)</u>	<u>1,213</u>	<u>(136,219)</u>
<b>Net book value</b>				
Mineral interests	10,498			9,696
Wells and related facilities	864,938			856,086
Total	<u>875,436</u>			<u>865,782</u>

Depletion charged to profit or loss provided on oil and gas properties for the year ended December 31, 2025 was RMB165,097 (2024: RMB160,864). Cost transferred from construction in progress to oil and gas properties was RMB156,907 (2024: RMB184,026).

The Group's oil, gas and new energy segment determines whether there are any indicators of impairment for the oil and gas fields or blocks according to the guidelines issued by the Group on the identification of impairment signs of oil and gas assets, and performs the impairment tests on those oil and gas fields or blocks with indications of impairment, and reports the results to the Group's internal professional team (including exploration and finance expert) for further overall assessment and evaluation. The results of the impairment tests will be approved by the Group's management. The Group recorded impairment losses amounting to RMB8,254 related to oil and gas properties under the oil, gas and new energy segment for the year ended December 31, 2025 (2024: RMB7,575) due to decline in oil and gas reserves in certain oil and gas fields or blocks or change in business condition. The carrying amount of those impaired oil and gas properties was written down to their respective recoverable amounts, which were primarily determined using the discounted cash flow model. The Group's forecast of crude oil price is based on the prediction of the crude oil market and referring to the crude oil forecast prices published by a series of institutions; the forecast of future oil and gas production is based on the relevant future production in the oil and gas reserves assessment report evaluated by the oil and gas reserves assessment experts and approved by the management.

The discount rates are based on the industry’s weighted average cost of capital and adjusted for specific risks for the Group. In 2025, the after-tax discount rates adopted by most oil and gas fields or blocks of the Group ranged from 8.00 % to 14.00 % (2024: 6.70% to 13.04%) per annum.

As of December 31, 2025, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB168,551 (December 31, 2024: RMB151,832). Related depletion charge for the year ended December 31, 2025 was RMB7,549 (December 31, 2024: RMB4,889).

## 18 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2024	Additions	Transferred to fixed assets or oil and gas properties	Other Reductions	December 31, 2025	Proportion of construction compared to budget	Capitalised interest expense	Including: capitalised interest expense for current year	Source of fund
Dushanzi Petrochemical Company – Tarim Phase II 1.2 million TPA Ethylene Project	21,877	4,576	10,118	-	-	14,694	67.2%	68	68	Self & loan
Xinjiang Oilfield Company – Xinjiang Oilfield 2.64 GW New Energy and Integrated Coal-fired Power & Carbon Capture Project (Phase I)	14,574	6,404	1,903	(1)	-	8,306	67.0%	27	27	Self & loan
Blue Ocean New Materials Co., Ltd. – High-end Polyolefins New Materials Project	11,508	1,011	2,623	(51)	-	3,583	60.8%	-	-	Self
Others		213,524	247,959	(254,635)	(6,818)	200,030		2,013	668	
		225,515	262,603	(254,687)	(6,818)	226,613		2,108	763	
Less:										
Provision for impairment		(10,548)	(775)	-	1,326	(9,997)				
		214,967				216,616				

For the year ended December 31, 2025, the capitalised interest expense amounted to RMB763 (2024: RMB570). The average annual interest rates used to determine the capitalised amount for the year ended December 31, 2025 were 2.40% (2024: 2.80%).

## 19 LEASES

### The leases where the Group is a lessee

#### Right-of-use Assets

	December 31, 2024	Additions	Reductions	December 31, 2025
<b>Cost</b>				
Land use rights	105,828	13,780	(1,852)	117,756
Buildings	57,212	6,452	(6,102)	57,562
Equipment and Machinery	7,823	1,844	(2,134)	7,533
Others	866	258	(225)	899
Total	<u>171,729</u>	<u>22,334</u>	<u>(10,313)</u>	<u>183,750</u>
<b>Accumulated depreciation</b>				
Land use rights	(21,132)	(4,598)	547	(25,183)
Buildings	(24,918)	(6,338)	3,982	(27,274)
Equipment and Machinery	(4,147)	(1,827)	1,190	(4,784)
Others	(591)	(127)	225	(493)
Total	<u>(50,788)</u>	<u>(12,890)</u>	<u>5,944</u>	<u>(57,734)</u>
<b>Provision for impairment</b>				
Buildings	(76)	-	-	(76)
Total	<u>(76)</u>	<u>-</u>	<u>-</u>	<u>(76)</u>
<b>Net book value</b>				
Land use rights	84,696			92,573
Buildings	32,218			30,212
Equipment and Machinery	3,676			2,749
Others	275			406
Total	<u>120,865</u>			<u>125,940</u>

The Group's right-of-use assets mainly include leased land use rights, buildings, equipment and machinery. The leases underlying assets classified as buildings are mainly the leased gas filling stations, oil storages and office buildings. The leases underlying assets classified as equipment and machinery are mainly production equipment and other movable equipment.

Depreciation charged to profit or loss provided on right-of-use assets for the year ended December 31, 2025 was RMB12,805 (December 31, 2024: RMB13,617).

#### Lease Liabilities

	December 31, 2025	December 31, 2024
Lease liabilities	125,887	118,619
Less: Lease liabilities due within one year (Note 32)	(9,545)	(8,651)
	<u>116,342</u>	<u>109,968</u>

Analysis of the undiscounted cash flow of the lease liabilities is as follows :

	December 31, 2025	December 31, 2024
Within 1 year	13,532	9,588
1 to 2 years	12,147	11,458
2 to 5 years	29,936	28,363
Over 5 years	126,957	138,564
	<u>182,572</u>	<u>187,973</u>

## 20 INTANGIBLE ASSETS

	December 31, 2024	Additions	Reductions	December 31, 2025
<b>Cost</b>				
Land use rights	106,089	2,720	(900)	107,909
Franchise	24,138	21	(192)	23,967
Patents	6,399	638	(27)	7,010
Others	21,547	3,135	(913)	23,769
Total	<u>158,173</u>	<u>6,514</u>	<u>(2,032)</u>	<u>162,655</u>
<b>Accumulated amortisation</b>				
Land use rights	(34,485)	(3,058)	343	(37,200)
Franchise	(11,226)	(584)	79	(11,731)
Patents	(4,346)	(222)	2	(4,566)
Others	(14,298)	(1,439)	886	(14,851)
Total	<u>(64,355)</u>	<u>(5,303)</u>	<u>1,310</u>	<u>(68,348)</u>
<b>Intangible assets, net</b>				
Land use rights	71,604			70,709
Franchise	12,912			12,236
Patents	2,053			2,444
Others	7,249			8,918
Total	<u>93,818</u>			<u>94,307</u>
Provision for impairment	<u>(1,028)</u>	<u>(136)</u>	<u>6</u>	<u>(1,158)</u>
Net book value	<u>92,790</u>			<u>93,149</u>

Amortisation charged to profit or loss provided on intangible assets for the year ended December 31, 2025 was RMB5,178 (December 31, 2024: RMB4,977).

## 21 GOODWILL

	December 31, 2025	December 31, 2024
Cost		
Petrolneos Trading Limited	4,754	4,862
Singapore Petroleum Company Limited	3,095	3,165
Others	882	856
Total	<u>8,731</u>	<u>8,883</u>
Provision for impairment	<u>(1,468)</u>	<u>(1,447)</u>
Net book value	<u><u>7,263</u></u>	<u><u>7,436</u></u>

Goodwill primarily relates to the acquisition of Singapore Petroleum Company Limited and Petrolneos Trading Limited, subsidiaries in the marketing segment, completed in 2009 and 2011, respectively.

The impairment of goodwill shall be tested in combination with its related asset groups. The recoverable amount of all cash-generating units has been determined based on the higher of fair value less costs to sell and value in use. These calculations use post-tax cash flow projections based on financial budgets prepared by the management. The post-tax discount rates reflect specific risks relating to the cash-generating unit.

For impairment test of the goodwill, the post-tax discount rates ranged from 6.00% to 11.40% (2024: 6.90% to 11.60%) were used by the management, and the impairment loss recognised for the year ended December 31, 2025 was RMB50 (the impairment loss recognised for the year ended December 31, 2024 was RMB101).

## 22 LONG-TERM PREPAID EXPENSES

	December 31, 2024	Additions	Reductions	December 31, 2025
Catalyst	8,490	3,995	(3,541)	8,944
Lease asset improvement expenses	2,065	333	(1,185)	1,213
Others	3,463	6,755	(2,116)	8,102
Total	<u>14,018</u>	<u>11,083</u>	<u>(6,842)</u>	<u>18,259</u>

## 23 OTHER NON-CURRENT ASSETS

Other non-current assets consist primarily of long-term accounts receivables, time deposits over one year, prepayments for construction project and equipment.

## 24 PROVISION FOR ASSETS

	December 31, 2024	Additions	Reversal	Write-off and others	December 31, 2025
Provision for bad debts	6,342	768	(127)	(186)	6,797
Including:					
Provision for bad debts of accounts receivable	3,068	514	(68)	(190)	3,324
Provision for bad debts of other receivables	3,274	254	(59)	4	3,473
Provision for impairment of advances to suppliers	312	388	-	5	705
Provision for declines in the value of inventories	2,834	2,971	(382)	(2,669)	2,754
Provision for impairment of long-term equity investments	5,602	4,429	-	(326)	9,705
Provision for impairment of fixed assets	66,477	1,069	-	(2,008)	65,538
Provision for impairment of oil and gas properties	128,527	8,254	-	(562)	136,219
Provision for impairment of construction in progress	10,548	775	-	(1,326)	9,997
Provision for impairment of intangible assets	1,028	136	-	(6)	1,158
Provision for impairment of goodwill	1,447	50	-	(29)	1,468
Provision for impairment of right-of-use assets	76	-	-	-	76
Provision for impairment of other non-current assets	443	56	-	(182)	317
Total	<u>223,636</u>	<u>18,896</u>	<u>(509)</u>	<u>(7,289)</u>	<u>234,734</u>

## 25 SHORT-TERM BORROWINGS

	December 31, 2025	December 31, 2024
Guarantee - USD	930	990
Unsecured - RMB	5,096	20,269
Unsecured - USD	24,940	22,129
Unsecured - JPY	3,544	2,565
Unsecured - HKD	3	2
	<u>34,513</u>	<u>45,955</u>

As of December 31, 2025, the above guaranteed USD borrowings were mainly guaranteed by minority shareholders of relevant non-wholly-owned subsidiaries. There were no USD pledge loans (As of December 31, 2024, the above guaranteed USD borrowings were mainly guaranteed by minority shareholders of relevant non-wholly-owned subsidiaries. There were no USD pledge loans).

The weighted average interest rate for short-term borrowings as of December 31, 2025 was 3.26% per annum (December 31, 2024: 3.23%).

## 26 NOTES PAYABLE

As of December 31, 2025, notes payable mainly represented bank acceptance (As of December 31, 2024, mainly represented bank acceptance). All notes payable are matured within one year.

## 27 ACCOUNTS PAYABLE

The aging of accounts payable is analysed as follows:

	The Group			
	December 31, 2025		December 31, 2024	
	Amount	Percentage of total balance %	Amount	Percentage of total balance %
Within 1 year	241,476	94	246,807	91
1 to 2 years	4,069	2	11,582	4
2 to 3 years	1,846	1	3,377	1
Over 3 years	8,491	3	11,019	4
	<u>255,882</u>	<u>100</u>	<u>272,785</u>	<u>100</u>

As of December 31, 2025, accounts payable aged over one year amounted to RMB14,406 (December 31, 2024: RMB25,978), and mainly comprised of unsettled payables to suppliers.

## 28 CONTRACT LIABILITIES

Contract liabilities mainly represented advances from customers related to the sales of refined oil and natural gas. As of December 31, 2025, the contract liabilities aged over one year amounted to RMB2,447 (December 31, 2024: RMB4,793). The majority of related obligations were expected to be performed with corresponding revenue recognised within one year.

## 29 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2024	Additions	Reductions	December 31, 2025
Short-term employee benefits	8,063	161,924	(162,200)	7,787
Post-employment benefits-defined contribution plans	31	25,687	(25,693)	25
Termination benefits	1	98	(94)	5
	<u>8,095</u>	<u>187,709</u>	<u>(187,987)</u>	<u>7,817</u>

The employee compensation payable includes the salary of employees and marketised temporary and seasonal workers, various insurance, housing fund, training expenses and other surcharges.

(2) Short-term employee benefits

	December 31, 2024	Additions	Reductions	December 31, 2025
Wages, salaries and allowances	3,013	123,028	(122,994)	3,047
Staff welfare	-	10,469	(10,469)	-
Social security contributions	477	11,983	(12,077)	383
Including:				
Medical insurance	460	10,903	(10,996)	367
Work-related injury insurance	14	1,032	(1,033)	13
Maternity insurance	3	48	(48)	3
Housing provident funds	6	12,324	(12,324)	6
Labour union funds and employee education funds	4,516	4,012	(4,210)	4,318
Others	51	108	(126)	33
	<u>8,063</u>	<u>161,924</u>	<u>(162,200)</u>	<u>7,787</u>

(3) Post-employment benefits-defined contribution plans

	December 31, 2024	Additions	Reductions	December 31, 2025
Basic pension insurance	21	16,369	(16,372)	18
Unemployment insurance	2	582	(583)	1
Annuity	8	8,736	(8,738)	6
	<u>31</u>	<u>25,687</u>	<u>(25,693)</u>	<u>25</u>

As of December 31, 2025, employee benefits payable did not contain any balance in arrears.

### 30 TAXES PAYABLE

	December 31, 2025	December 31, 2024
Levy for mineral rights concessions payable	12,365	17,208
Income tax payable	10,052	15,113
Consumption tax payable	12,118	12,871
Value added tax payable	5,729	3,145
Crude oil special gain levy payable	61	1,135
Others	10,598	10,773
	<u>50,923</u>	<u>60,245</u>

### 31 OTHER PAYABLES

As of December 31, 2025, other payables mainly comprised deposit, earnest money, caution money and insurance payables. Other payables aged over one year amounted to RMB4,186 (December 31, 2024: RMB7,294).

### 32 CURRENT PORTION OF NON-CURRENT LIABILITIES

	December 31, 2025	December 31, 2024
Long-term borrowings due within one year	20,211	86,316
Debentures payable due within one year	9,377	6,512
Long-term payables due within one year	325	278
Lease liabilities due within one year	9,545	8,651
	39,458	101,757

### 33 LONG-TERM BORROWINGS

	December 31, 2025	December 31, 2024
Guarantee - RMB	461	2,875
Guarantee - USD	-	92
Pledge - RMB	917	1,906
Mortgage - RMB	982	1,032
Unsecured - RMB	95,206	82,033
Unsecured - USD	71,074	69,468
Unsecured - Other	33	2,982
	168,673	160,388
Less: Long-term borrowings due within one year (Note 32)	(20,211)	(86,316)
	148,462	74,072

As of December 31, 2025, the above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries. The RMB pledge borrowings totalling RMB917 (2024: RMB1,906) were mainly pledged by natural gas charging rights. And the secured liabilities were secured by fixed assets with a book value of RMB1,161; construction in progress with a book value of RMB83 and intangible assets with a book value of RMB150 (December 31, 2024: fixed assets with a book value of RMB1,134; construction in progress with a book value of RMB149 and intangible assets with a book value of RMB179).

As at the balance sheet date, the undiscounted contractual cash flows of the Group's long-term borrowings, analysed by their maturity dates, are as below:

	December 31, 2025	December 31, 2024
Within one year	23,386	90,484
Between one and two years	13,237	21,170
Between two and five years	29,390	29,352
After five years	121,137	42,580
	187,150	183,586

The weighted average interest rate for long-term borrowings as of December 31, 2025 was 3.00% (December 31, 2024: 4.22%).

The fair value of long-term borrowings (including long-term borrowings due within one year) amounted to RMB164,470 (December 31, 2024: RMB157,129). The fair value is based on discounted cash flows using applicable discount rates based upon the prevailing market rates as at balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned borrowings).

**34 DEBENTURES PAYABLE**

Debentures' Name	Issue date	Term of Debentures	Annual interest rate %	December 31, 2024	Principal Additions	Changes in interest payable	Principal Reductions	December 31, 2025
2012 PetroChina Company Limited Corporate Debentures first tranche - 15 years	November 22, 2012	15 - year	5.04	2,010	-	-	-	2,010
Kunlun Energy Company Limited priority notes - 10 years	May 13, 2015	10 - year	3.75	3,611	18	(19)	(3,610)	-
2016 PetroChina Company Limited Corporate Debentures first tranche - 10 years	January 18, 2016	10 - year	3.50	4,856	-	-	-	4,856
2016 PetroChina Company Limited Corporate Debentures second tranche - 10 years	March 1, 2016	10 - year	3.70	2,371	-	-	-	2,371
2016 PetroChina Company Limited Corporate Debentures third tranche - 10 years	March 22, 2016	10 - year	3.60	2,056	-	-	-	2,056
2022 PetroChina Company Limited first tranche medium-term green notes - 3 years	April 27, 2022	3 - year	2.26	508	-	(8)	(500)	-
2022 PetroChina Company Limited second tranche medium-term green notes - 3 years	June 15, 2022	3 - year	2.19	2,019	-	(19)	(2,000)	-
2024 PetroChina Company Limited first tranche green two-new medium-term notes - 10 years	September 13, 2024	10 - year	2.24	3,019	-	3	-	3,022
2024 PetroChina Company Limited second tranche medium-term notes - 5 years	September 13, 2024	5 - year	2.08	10,062	-	-	-	10,062
				30,512	18	(43)	(6,110)	24,377
Less: Debentures Payable due within one year (Note 32)				(6,512)				(9,377)
				24,000				15,000

The above-mentioned debentures were issued at the par value, without premium or discount.

As of December 31, 2025, the above-mentioned debentures which were guaranteed by CNPC amounted to RMB2,000 (December 31, 2024: RMB2,000).

The fair value of the debentures amounted to RMB24,189 (December 31, 2024: RMB30,287). The fair value is based on discounted cash flows using an applicable discount rate based upon the prevailing market rates as at the balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned debentures payable).

### 35 PROVISIONS

	December 31, 2024	Additions	Reductions	December 31, 2025
Asset retirement obligations	162,019	16,929	(5,445)	173,503

Asset retirement obligations are related to oil and gas properties.

### 36 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before offset are listed as below:

#### (a) Deferred tax assets

	December 31, 2025		December 31, 2024	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Impairment, depreciation and depletion of assets	11,783	49,827	7,197	30,409
Lease liabilities	30,143	122,991	28,426	116,712
Provisions - Asset retirement obligations	42,126	173,503	40,117	162,019
Wages and welfare	1,207	5,139	1,286	5,566
Carry forward of losses	2,431	9,984	2,825	11,725
Others	14,360	59,433	16,030	72,490
	<u>102,050</u>	<u>420,877</u>	<u>95,881</u>	<u>398,921</u>

At December 31, 2025, certain subsidiaries of the Group did not recognise deferred tax asset of deductible tax losses carried forward of RMB107,406, of which RMB2,055 was incurred for the year ended December 31, 2025, because it was not probable that the related tax benefit will be realised. These deductible tax losses carried forward of RMB294, RMB62, RMB93, RMB2090 and RMB104,867 will expire in 2026, 2027, 2028, 2029, 2030 and thereafter, respectively.

## (b) Deferred tax liabilities

	December 31, 2025		December 31, 2024	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of assets	23,099	85,378	25,089	92,025
Right-of-use assets	27,837	115,039	26,093	107,901
Oil and gas properties - Asset retirement obligations	11,256	51,952	9,660	42,368
Others	36,443	171,448	33,962	160,991
	<u>98,635</u>	<u>423,817</u>	<u>94,804</u>	<u>403,285</u>

Deferred tax assets and liabilities after offset are listed as below:

	December 31, 2025	December 31, 2024
Deferred tax assets	30,056	26,765
Deferred tax liabilities	26,641	25,688

## 37 SHARE CAPITAL

	December 31, 2025	December 31, 2024
H shares	21,099	21,099
A shares	161,922	161,922
	<u>183,021</u>	<u>183,021</u>

The assets and liabilities injected by CNPC in 1999 had been valued by China Enterprise Appraisal Co., Ltd.. The net assets injected by CNPC had been exchanged for 160 billion state-owned shares of the Company with a par value of RMB1.00 yuan per share. The excess of the value of the net assets injected over the par value of the state-owned shares had been recorded as capital surplus.

Pursuant to the approval of CSRC, on April 7, 2000, the Company issued 17,582,418,000 foreign capital stock with a par value of RMB1.00 yuan per share, in which 1,758,242,000 shares were converted from the prior state-owned shares of the Company owned by CNPC.

The above-mentioned foreign capital stock represented by 13,447,897,000 H shares and 41,345,210 ADSs (each representing 100 H shares), were listed on the Stock Exchange of Hong Kong Limited and the New York Stock Exchange Inc. on April 7, 2000 and April 6, 2000, respectively.

The Company issued an additional 3,196,801,818 new H shares with a par value of RMB1.00 yuan per share on September 1, 2005. CNPC also converted 319,680,182 state-owned shares it held into H shares and sold them concurrently with PetroChina's issuance of new H shares.

The Company issued 4,000,000,000 A shares with a par value of RMB1.00 yuan per share on October 31, 2007. The A shares were listed on the Shanghai Stock Exchange on November 5, 2007.

Following the issuance of the A shares, all the existing state-owned shares issued before November 5, 2007 held by CNPC have been registered with the China Securities Depository and Clearing Corporation Limited as A shares.

The Company's ADSs were delisted from the NYSE in September 2022.

### 38 CAPITAL SURPLUS

	December 31, 2024	Additions	Reductions	December 31, 2025
Capital premium	89,431	-	-	89,431
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Acquisition of Subsidiaries	(5,979)	-	-	(5,979)
Others	(2,595)	-	(847)	(3,442)
	<u>121,812</u>	<u>-</u>	<u>(847)</u>	<u>120,965</u>

### 39 SURPLUS RESERVES

	December 31, 2024	Additions	Reductions	December 31, 2025
Statutory Surplus Reserves	252,265	14,223	-	266,488
Discretionary Surplus Reserves	40	-	-	40
	<u>252,305</u>	<u>14,223</u>	<u>-</u>	<u>266,528</u>

Pursuant to the Company Law of PRC, the Company's Articles of Association and the resolution of Board of Directors, the Company is required to transfer 10% of its net profit to the Statutory Surplus Reserves. Appropriation to the Statutory Surplus Reserves may be ceased when the fund aggregates to 50% of the Company's registered capital. The Statutory Surplus Reserves may be used to make good previous years' losses or to increase the capital of the Company upon approval.

The Discretionary Surplus Reserves is approved by a resolution of shareholders' general meeting after Board of Directors' proposal. The Company may convert its Discretionary Surplus Reserves to make good previous years' losses or to increase the capital of the Company upon approval. The Company has not extracted Discretionary Surplus Reserves for the year ended (2024: Nil).

#### 40 UNDISTRIBUTED PROFITS

	For the year ended December 31, 2025	For the year ended December 31, 2024
Undistributed profits at the beginning of the period	982,234	914,671
Add: Net profit attributable to equity holders of the Company	157,302	164,676
Less: Appropriation to the Statutory Surplus Reserves	(14,223)	(14,503)
Dividends payable to ordinary shares	(86,020)	(82,360)
Others	(1,194)	(250)
Undistributed profits at the end of the period	1,038,099	982,234

Final dividends attributable to owners of the Company in respect of 2024 of RMB0.25 yuan (inclusive of applicable tax) per share, amounting to a total of RMB45,755 were authorised by the shareholders in the Annual General Meeting on June 5, 2025, and were paid on June 25, 2025 (A shares) and July 24, 2025 (H shares).

Interim dividends attributable to owners of the Company in respect of 2025 of RMB0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB40,265 were authorised by the shareholders in the Annual General Meeting on June 5, 2025, approved by the resolution of Board of Directors on August 26, 2025, and were paid on September 17, 2025 (A shares) and October 23, 2025 (H shares).

In accordance with the resolution of the 17th Meeting of the 9th Session of Board of Directors, the Board of Directors proposed to distribute final dividends attributable to owners of the Company in respect of 2025 of RMB0.25 yuan (inclusive of applicable tax) per share amounting to a total of RMB45,755 according to the issued 183,021 million shares. The above proposal is yet to be approved by the shareholders in the Annual General Meeting and is not recognised as a liability as of December 31, 2025.

#### 41 NON-CONTROLLING INTERESTS

Non-controlling interests attributable to non-controlling interests of subsidiaries:

	Percentage of shares held by non-controlling interests %	Profit or loss attributable to non-controlling interests	Dividends declared to non-controlling interests	Balance of non-controlling interests
CNPC Exploration and Development Company Limited	50.00	5,205	3,290	101,898
Kunlun Energy Company Limited	45.62	5,559	4,234	55,431
PetroChina Sichuan Petrochemical Company Limited	10.00	144	154	2,540
Guangdong Petrochemical Company Limited	10.00	49	2	2,970
Others				50,648
				213,487

## 42 OPERATING INCOME AND COST OF SALES

	The Group			
	2025		2024	
	Income	Cost	Income	Cost
Principal operations (b)	2,800,955	2,182,315	2,870,490	2,199,373
Other operations (c)	63,514	63,806	67,491	75,850
Total	<u>2,864,469</u>	<u>2,246,121</u>	<u>2,937,981</u>	<u>2,275,223</u>
Including: Revenue from contracts with customers (a)	2,862,977		2,936,586	
Other revenue	1,492		1,395	

	The Company			
	2025		2024	
	Income	Cost	Income	Cost
Principal operations (b)	1,680,881	1,256,603	1,759,063	1,316,278
Other operations (c)	49,626	53,978	51,540	54,296
Total	<u>1,730,507</u>	<u>1,310,581</u>	<u>1,810,603</u>	<u>1,370,574</u>
Including: Revenue from contracts with customers (a)	1,729,276		1,809,459	
Other revenue	1,231		1,144	

### (a) Revenue from contracts with customers

2025 Type of contract	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Type of goods and services						
Crude oil	513,153	-	697,397	-	-	1,210,550
Natural gas(note)	200,350	-	434,951	586,681	-	1,221,982
Refined products	-	823,781	1,149,043	-	-	1,972,824
Chemical products	-	248,941	45,387	-	-	294,328
Pipeline transportation business	-	-	-	1,057	-	1,057
Non-oil sales in gas stations	-	-	23,392	-	-	23,392
Others	110,819	5,195	2,183	31,313	7,137	156,647
Intersegment elimination	(689,779)	(751,618)	(530,523)	(40,646)	(5,237)	(2,017,803)
Total	<u>134,543</u>	<u>326,299</u>	<u>1,821,830</u>	<u>578,405</u>	<u>1,900</u>	<u>2,862,977</u>
Geographical Region						
China's mainland	61,565	326,299	924,575	578,405	1,900	1,892,744
Others	72,978	-	897,255	-	-	970,233
Total	<u>134,543</u>	<u>326,299</u>	<u>1,821,830</u>	<u>578,405</u>	<u>1,900</u>	<u>2,862,977</u>

2024 Type of contract	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
<b>Type of goods and services</b>						
Crude oil	601,200	-	729,021	-	-	1,330,221
Natural gas(note)	184,128	-	404,037	559,387	-	1,147,552
Refined products	-	933,691	1,237,064	-	-	2,170,755
Chemical products	-	253,030	54,824	-	-	307,854
Pipeline transportation business	-	-	-	1,060	-	1,060
Non-oil sales in gas stations	-	-	26,447	-	-	26,447
Others	121,208	5,708	2,602	31,855	7,464	168,837
Intersegment elimination	(751,951)	(848,369)	(576,084)	(35,583)	(4,153)	(2,216,140)
Total	<u>154,585</u>	<u>344,060</u>	<u>1,877,911</u>	<u>556,719</u>	<u>3,311</u>	<u>2,936,586</u>
<b>Geographical Region</b>						
China's mainland	74,115	344,060	994,603	556,719	3,311	1,972,808
Others	80,470	-	883,308	-	-	963,778
Total	<u>154,585</u>	<u>344,060</u>	<u>1,877,911</u>	<u>556,719</u>	<u>3,311</u>	<u>2,936,586</u>

Note: Including conventional and unconventional natural gas.

Type of contract	The Company	
	2025	2024
Type of goods and services		
Crude oil	396,100	473,099
Natural gas	691,529	690,642
Refined products	1,434,971	1,574,784
Chemical products	210,766	231,368
Non-oil sales in gas stations	20,334	22,595
Others	128,784	79,840
Intersegment elimination	(1,153,208)	(1,262,869)
Total	1,729,276	1,809,459

Revenue from contracts with customers is mainly recognised at a point in time.

(b) Income and cost of sales from principal operations

	The Group			
	2025		2024	
	Income	Cost	Income	Cost
Oil, Gas and New energy	799,980	548,335	884,057	592,607
Refining, Chemicals and New materials	1,072,723	826,558	1,186,722	936,048
Marketing	2,327,528	2,257,780	2,425,427	2,344,501
Natural Gas Sales	613,334	556,686	585,991	536,316
Head Office and Other	1,046	534	1,064	381
Intersegment elimination	(2,013,656)	(2,007,578)	(2,212,771)	(2,210,480)
Total	2,800,955	2,182,315	2,870,490	2,199,373

	The Company			
	2025		2024	
	Income	Cost	Income	Cost
Oil, Gas and New energy	615,962	454,259	681,422	495,065
Refining, Chemicals and New materials	833,406	652,870	923,701	740,009
Marketing	831,942	790,631	895,308	854,435
Natural Gas Sales	546,329	506,453	517,770	484,832
Head Office and Other	2,838	535	933	381
Intersegment elimination	(1,149,596)	(1,148,145)	(1,260,071)	(1,258,444)
Total	1,680,881	1,256,603	1,759,063	1,316,278

(c) Income and cost of sales from other operations

	The Group			
	2025		2024	
	Income	Cost	Income	Cost
Sales of materials	16,110	14,455	9,444	8,968
Non-oil sales in gas stations	23,392	18,069	26,447	23,667
Others	24,012	31,282	31,600	43,215
Total	63,514	63,806	67,491	75,850

	The Company			
	2025		2024	
	Income	Cost	Income	Cost
Sales of materials	16,700	14,814	8,309	6,882
Non-oil sales in gas stations	20,334	16,008	22,595	20,340
Others	12,592	23,156	20,636	27,074
Total	49,626	53,978	51,540	54,296

### 43 TAXES AND SURCHARGES

	2025	2024
Consumption tax	170,840	177,024
Resource tax	28,324	30,188
Levy for mineral rights concessions	4,154	4,602
City maintenance and construction tax	16,936	17,269
Crude oil special gain levy	2,360	14,318
Educational surcharge	12,587	12,795
Urban and township land use tax	4,083	3,846
Others	4,992	5,970
	244,276	266,012

### 44 SELLING EXPENSES

	2025	2024
Employee compensation costs	25,730	25,243
Depreciation, depletion and amortisation	14,836	14,424
Lease, packing, warehouse storage expenses	2,912	3,446
Others	16,813	20,077
	60,291	63,190

#### 45 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Employee compensation costs	37,323	35,089
Depreciation, depletion and amortisation	7,408	6,649
Technology service expense	1,657	1,721
Property management expense	1,268	1,473
Other taxes	929	814
Others	20,537	19,280
	69,122	65,026

#### 46 RESEARCH AND DEVELOPMENT EXPENSES

	2025	2024
Employee compensation costs	11,647	11,162
Depreciation, depletion and amortisation	1,088	1,460
Fuel and material consumption	1,374	1,343
Others	9,443	9,049
	23,552	23,014

#### 47 FINANCE EXPENSES

	2025	2024
Interest expenses	18,330	21,301
Include: Interest expenditure on lease liabilities	4,958	5,165
Less: Capitalised interest	763	570
Less: Interest income	7,760	8,799
Exchange losses	7,681	11,884
Less: Exchange gains	6,881	12,726
Others	1,446	1,462
	12,053	12,552

#### 48 OTHER INCOME

	2025	2024
Refund of import value-added tax, relating to the import of natural gas	14,328	14,622
Refund of value-added tax, relating to the change from business tax to value-added tax	252	243
Others	5,822	5,257
	20,402	20,122

## 49 INVESTMENT INCOME

	The Group	
	2025	2024
Share of net profit of associates and joint ventures	17,531	18,644
Gains on disposal of subsidiaries	3	865
Investment gain/(loss) from disposal of derivative financial instruments	597	(9,764)
Gains from ineffective portion of cash flow hedges	121	939
Dividend income from investments in other equity instruments	189	30
Other investment income	2,025	1,220
	20,466	11,934

	The Company	
	2025	2024
Dividends declared by subsidiaries	19,064	20,585
Share of net gain or loss of associates and joint ventures	13,094	12,726
Losses on disposal of subsidiaries	(612)	(96)
Dividend income from investments in other equity instruments	173	2
Other investment income	339	421
	32,058	33,638

## 50 GAINS ON CHANGES IN FAIR VALUE

	2025	2024
Net fair value gains on financial assets and financial liabilities at fair value through profit or loss	1,989	4,946
Unrealised gains/(losses) from ineffective portion of cash flow hedges, net	526	(273)
	2,515	4,673

## 51 CREDIT IMPAIRMENT LOSSES

	2025	2024
Accounts receivable	446	533
Other receivables	195	251
Others	55	(42)
	696	742

## 52 ASSET IMPAIRMENT LOSSES

	2025	2024
Impairment losses for fixed assets and oil and gas properties	9,323	9,511
Provision for impairment of long-term equity investment	4,429	-
Impairment losses for declines in the value of inventories	2,589	2,367
Impairment losses for construction in progress	775	2,266
Loss on impairment of advances to suppliers	388	-
Impairment losses for goodwill	50	101
Others	137	33
	<u>17,691</u>	<u>14,278</u>

## 53 GAINS FROM ASSET DISPOSALS

	2025	2024	Amount recognised in non-recurring profit or loss for 2025
Gains from disposal of fixed assets and oil and gas properties	29	112	29
Losses from disposal of construction in progress	(31)	(155)	(31)
Gains from disposal of intangible assets	280	373	280
Gains from disposal of other long-term assets	251	283	251
	<u>529</u>	<u>613</u>	<u>529</u>

## 54 NON-OPERATING INCOME AND EXPENSES

### (a) Non-operating income

	2025	2024	Amount recognised in non-recurring profit or loss for 2025
Government grants	790	545	790
Others	2,812	2,585	2,812
	<u>3,602</u>	<u>3,130</u>	<u>3,602</u>

## (b) Non-operating expenses

	2025	2024	Amount recognised in non-recurring profit or loss for 2025
Fines	149	188	149
Donation	577	567	577
Extraordinary loss	991	849	991
Damage or scrapping of non-current assets	9,257	10,283	9,257
Others	1,058	5,027	1,058
	<u>12,032</u>	<u>16,914</u>	<u>12,032</u>

## 55 TAXATION

	2025	2024
Current income taxes	55,970	63,730
Deferred taxes	(1,826)	(5,975)
	<u>54,144</u>	<u>57,755</u>

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	2025	2024
Profit before taxation	226,149	241,502
Tax calculated at a tax rate of 25%	56,537	60,376
Tax return true-up	(1,746)	3,392
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	4,229	4,118
Effect of preferential tax rate	(8,747)	(10,053)
Tax effect of income not subject to tax	(7,652)	(8,093)
Tax effect of non-deductible costs, expense and losses for tax purposes	8,141	8,187
Tax effect of temporary differences and losses not recognised as deferred tax assets	3,382	(172)
Taxation	<u>54,144</u>	<u>57,755</u>

## 56 EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended December 31, 2025 and December 31, 2024 have been computed by dividing profit attributable to owners of the Company by the 183,021 million shares issued and outstanding during the period.

There are no potential dilutive ordinary shares of the company, and the diluted earnings per share are equal to the basic earnings per share.

## 57 OTHER COMPREHENSIVE INCOME

Other comprehensive income attributable to equity holders of the Company	December 31, 2024	After tax attribution In parent	Transfer to retained earnings	December 31, 2025
Items that will not be reclassified to profit or loss				
Including: Changes in fair value of investments in other equity instruments	167	67	-	234
Items that may be reclassified to profit or loss				
Including: Other comprehensive income recognised under equity method	1,400	342	-	1,742
Cash flow hedges	1,269	288	-	1,557
Translation differences arising from translation of foreign currency financial statements	(33,541)	(357)	877	(33,021)
Others	(43)	-	(50)	(93)
<b>Total</b>	<b>(30,748)</b>	<b>340</b>	<b>827</b>	<b>(29,581)</b>

## 58 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by nature:

	2025	2024
Operating income	2,864,469	2,937,981
Less: Changes in inventories of finished goods and work in progress	(10,737)	(18,011)
Raw materials and consumables used	(1,898,996)	(1,919,576)
Employee benefits expenses	(185,096)	(179,257)
Depreciation, depletion and amortisation expenses	(237,838)	(231,331)
Investment gain/(loss) from disposal of derivative financial instruments	597	(9,764)
Gains from ineffective portion of cash flow hedges	121	939
Gains/(Losses) from changes in fair value	2,515	4,673
Credit impairment losses	(696)	(742)
Asset impairment losses	(17,691)	(14,278)
Lease expenses	(2,273)	(2,573)
Finance expenses	(12,053)	(12,552)
Other expenses	(267,743)	(300,223)
<b>Operating profit</b>	<b>234,579</b>	<b>255,286</b>

## 59 NOTES TO CONSOLIDATED AND COMPANY CASH FLOWS

### (a) Cash received relating to other operating activities

Cash received relating to other operating activities mainly comprises caution money received from derivatives. For the year ended December 31, 2025, caution money received from derivatives amounted to RMB76,555 (December 31, 2024: RMB52,772).

### (b) Cash paid relating to other operating activities

Cash paid relating to other operating activities mainly comprises caution money paid for derivatives and transportation expenses. For the year ended December 31, 2025, caution money paid for derivatives amounted to RMB69,115 (December 31, 2024: RMB66,303) respectively.

### (c) Cash received from disposal of investments

Cash received from disposal of investments mainly comprises cash received from time deposits with maturities over 3 months. For the year ended December 31, 2025, cash received from time deposits with maturities over 3 months amounted to RMB96,933 (December 31, 2024: RMB43,944).

### (d) Cash paid to acquire investments

Cash paid to acquire investments mainly comprises cash paid for time deposits with maturities over 3 months. For the year ended December 31, 2025, cash paid for time deposits with maturities over 3 months amounted to RMB83,724 (December 31, 2024: RMB68,542).

### (e) Cash payments relating to other financing activities

Cash paid relating to other financing activities mainly comprises cash repayments of lease liabilities. For the year ended December 31, 2025, cash repayments of lease liabilities amounted to RMB10,748 (December 31, 2024: RMB11,987).

(f) Reconciliation from the net profit to the cash flows from operating activities

	The Group		The Company	
	2025	2024	2025	2024
Net profit	172,005	183,747	142,234	145,027
Add: Asset impairment losses	17,691	14,278	6,702	9,839
Credit impairment losses	696	742	109	114
Depreciation and depletion of fixed asset and oil and gas properties	215,818	210,990	136,699	133,940
Depreciation of right-of-use assets	12,805	13,617	7,291	6,153
Amortisation of intangible assets	5,178	4,977	3,921	3,859
Amortisation of long-term prepaid expenses	3,807	1,747	760	2,040
Gains on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(529)	(613)	(146)	(680)
Damage or scrapping of fixed assets and oil and gas properties	9,257	10,283	6,782	8,104
Exploratory dry holes	6,818	7,750	5,993	7,679
Safety fund reserve	618	105	353	(297)
Finance expenses	10,606	12,552	8,806	9,960
Investment income	(20,466)	(11,934)	(32,058)	(33,638)
Gains from changes in fair value	(2,515)	(4,673)	(78)	(8)
Changes in deferred taxation	(1,826)	(5,975)	(365)	(5,370)
Decrease in inventories	15,196	9,934	4,668	11,274
(Increase)/Decrease in operating receivables	(1,150)	(12,400)	18,440	(3,375)
(Decrease)/Increase in operating payables	(31,499)	(28,595)	(7,481)	27,833
Net cash flows from operating activities	412,510	406,532	302,630	322,454

(g) Change in cash and cash equivalents

	The Group		The Company	
	2025	2024	2025	2024
Cash and cash equivalents at the end of the period	206,162	172,477	35,673	25,139
Less: Cash and cash equivalents at the beginning of the period	(172,477)	(249,001)	(25,139)	(60,652)
Increase/(Decrease) in cash and cash equivalents	33,685	(76,524)	10,534	(35,513)

## (h) Change in liabilities from financing activities

	Bank borrowings (due within one year)	Debentures payable (due within one year)	Lease liabilities (due within one year)	Dividends payable	Total
December 31, 2024	206,343	30,512	118,619	265	355,739
Cash inflows from financing activities	610,158	-	-	-	610,158
Cash outflows from financing activities	(609,909)	(6,928)	(10,748)	(96,815)	(724,400)
Interest accrued in the current year	8,065	775	4,958	-	13,798
Dividends accrued in the current year	-	-	-	97,014	97,014
Others	(11,471)	18	13,058	-	1,605
December 31, 2025	203,186	24,377	125,887	464	353,914

## (i) Cash and Cash Equivalents

	The Group		The Company	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Cash and cash equivalents				
— Cash on hand	7	15	-	-
— Demand deposits	144,135	116,013	33,764	18,771
— Time deposits with maturities within three months	62,020	56,449	1,909	6,368
Cash and cash equivalents at the end of the period	206,162	172,477	35,673	25,139

## 60 SEGMENT REPORTING

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Oil, Gas and New energy, Refining, Chemicals and New materials, Marketing, Natural Gas Sales and Head Office and Other. On the basis of these operating segments, the management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market price. Additionally, the Group presents geographical information based on entities located in regions with a similar risk profile.

The Oil, Gas and New energy segment is engaged in the exploration, development, production, transportation, marketing of crude oil and natural gas and new energy business.

The Refining, Chemicals and New materials segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products, other chemical products and new materials business.

The Marketing segment is engaged in the marketing of refined products and non-oil products, and the trading business.

The Natural Gas Sales segment is engaged in the transportation and sale of natural gas.

The Head Office and Other segment relates to cash management and financing activities, the corporate centre, research and development, and other business services supporting the other operating segments of the Group.

The accounting policies of the operating segments are the same as those described in Note 4.

(1) Operating segments

(a) Segment information as of and for the year ended December 31, 2025 is as follows:

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	824,808	1,078,047	2,352,746	619,503	7,168	4,882,272
Less: Intersegment revenue	(689,779)	(751,618)	(530,523)	(40,646)	(5,237)	(2,017,803)
Revenue from external customers	135,029	326,429	1,822,223	578,857	1,931	2,864,469
Segment expenses(i)	(530,250)	(402,159)	(1,557,400)	(108,479)	(22,157)	(2,620,445)
Segment profit/(loss)	156,058	27,943	16,219	63,054	(19,250)	244,024
Unallocated income and expenses						(9,445)
Operating profit						234,579
Depreciation, depletion and amortisation	186,238	27,746	17,727	4,551	1,576	237,838
Asset impairment losses	13,119	986	1,519	2,067	-	17,691
Credit losses	279	141	37	239	-	696
Capital expenditures	205,094	47,772	8,216	4,987	3,020	269,089
<b>December 31, 2025</b>						
Segment assets	1,737,570	516,010	609,851	420,212	1,648,786	4,932,429
Other assets						42,911
Elimination of intersegment balances (ii)						(2,147,323)
Total assets						2,828,017
Segment liabilities	762,520	235,742	328,556	133,474	586,895	2,047,187
Other liabilities						77,564
Elimination of intersegment balances (ii)						(1,096,282)
Total liabilities						1,028,469

(b) Segment information as of and for the year ended December 31, 2024 is as follows:

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	906,813	1,192,589	2,454,546	592,690	7,483	5,154,121
Less: Intersegment revenue	(751,951)	(848,369)	(576,084)	(35,583)	(4,153)	(2,216,140)
Revenue from external customers	154,862	344,220	1,878,462	557,107	3,330	2,937,981
Segment expenses(i)	(549,921)	(434,804)	(1,551,254)	(110,138)	(21,553)	(2,667,670)
Segment profit/(loss)	179,429	25,102	26,688	56,588	(17,496)	270,311
Unallocated income and expenses						(15,025)
Operating profit						255,286
Depreciation, depletion and amortisation	179,064	27,740	17,812	4,858	1,857	231,331
Asset impairment losses	9,027	1,777	679	2,795	-	14,278
Credit losses/(reversal)	379	(9)	(3)	375	-	742
Capital expenditures	227,633	33,489	7,188	4,300	3,239	275,849
<b>December 31, 2024</b>						
Segment assets	1,581,893	495,084	606,864	397,196	1,590,920	4,671,957
Other assets						40,460
Elimination of intersegment balances (ii)						(1,959,410)
Total assets						2,753,007
Segment liabilities	629,134	229,918	341,759	136,282	527,737	1,864,830
Other liabilities						85,933
Elimination of intersegment balances (ii)						(907,619)
Total liabilities						1,043,144

(i) Segment expenses include cost of sales, taxes and surcharges, selling expenses, general and administrative expenses, research and development expenses, and other income, etc.

(ii) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(2) Geographical information

Revenue from external customers	2025	2024
China's mainland	1,894,236	1,974,200
Others	970,233	963,781
	<u>2,864,469</u>	<u>2,937,981</u>

Non-current assets(i)	December 31, 2025	December 31, 2024
China's mainland	2,022,171	1,946,355
Others	172,904	181,670
	<u>2,195,075</u>	<u>2,128,025</u>

(i) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

## 61 FINANCIAL RISK MANAGEMENT

### 1. Financial risk

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

#### (1) Market risk

Market risk is the possibility that changes in foreign exchange rates, interest rates and the prices of crude oil and gas products will adversely affect the value of assets, liabilities and expected future cash flows.

##### (a) Foreign exchange risk

The Group conducts its domestic business primarily in RMB, but maintains a portion of its assets in other currencies to pay for imported crude oil, natural gas, imported equipment and other materials and to meet foreign currency financial liabilities. The Group is exposed to currency risks arising from fluctuations in various foreign currency exchange rates against the RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates.

Additionally, the Group operates internationally and foreign exchange risk arises from future acquisitions and commercial transactions, recognised assets and liabilities and net investments in foreign operations. Certain entities in the Group might use currency derivatives to manage such foreign exchange risk.

(b) Interest rate risk

The Group has no significant interest rate risk on interest-bearing assets. The Group's exposure to interest rate risk arises from its borrowings (including debentures payable). The Group's borrowings at floating rates expose the Group to cash flow interest rate risk and its borrowings at fixed rates expose the Group to fair value interest rate risk. However, the exposure to interest rate risk is not material to the Group. A detailed analysis of the Group's borrowings and debentures payable, together with their respective interest rates and maturity dates, is included in Notes 33 and 34.

(c) Price risk

The Group is engaged in a wide range of oil and gas products-related activities. Prices of oil and gas products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts on the Group.

The Group uses derivative financial instruments, including commodity futures, commodity swaps and commodity options, to hedge some price risks efficiently.

As at December 31, 2025, the Group had certain commodity contracts of crude oil, natural gas, refined oil products and chemical products designated as hedges. As at December 31, 2025, the fair value of such derivative hedging financial instruments is derivative financial assets of RMB9,031 (December 31, 2024: RMB8,883) and derivative financial liabilities of RMB5,400 (December 31, 2024: RMB6,834).

As at 31 December 2025, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would increase/ decrease the Group's profit for the year by approximately RMB114 (December 31, 2024: decrease/increase RMB481) ,and resulting in an decrease/increase of approximately RMB2,012 in other comprehensive income of the Group (December 31, 2024: decrease/increase RMB2,319). This sensitivity analysis has been determined assuming that the change in prices had occurred at the balance sheet date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk.

## (2) Credit risk

Credit risk arises from cash at bank and on hand, accounts receivable of customers and other receivables.

A substantial portion of the Group's cash at bank and on hand are placed with the major state-owned banks and financial institutions in China and management believes that the credit risk of financial assets is low.

The Group performs ongoing assessment of the credit quality of its customers, and sets appropriate credit limits taking into account the financial position and past history of defaults of customers. The aging analysis of accounts receivable and related provision for bad debts are presented in Note 9.

The carrying amounts of cash at bank and on hand, accounts receivable, other receivables and receivables financing included in the consolidated balance sheet represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

In addition, financial guarantees and loan commitments may expose to risks due to counterparty defaults. The Group has established strict application and approval requirements for financial guarantees and loan commitments, taking into account internal and external credit ratings and other information, and continuously monitors credit risk exposure, changes in counterparty credit ratings and other relevant information, to ensure the overall credit risk is limited to a controllable extent.

The Group has no significant concentration of credit risk during the reporting period.

### (3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

In managing its liquidity risk, the Group has access to funding at market rates through equity and debt markets, including using undrawn committed borrowing facilities to meet foreseeable borrowing requirements.

Given the low level of gearing ratio and continued access to funding, the Group believes that its liquidity risk is not material.

Analysis of the Group's long-term borrowings, debentures payable and lease liabilities based on the remaining period at the balance sheet date to the contractual maturity dates are presented in Notes 33, 34 and 19.

## 2. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, optimise returns for equity holders and to minimise its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as interest-bearing borrowings/ (interest-bearing borrowings + total equity), interest-bearing borrowings include long-term and short-term borrowings and debentures payable. The gearing ratio as at December 31, 2025 was 11.23% (December 31, 2024: 12.17%).

## 3. Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Group as at December 31, 2025 and December 31, 2024 are disclosed in the respective accounting policies.

Financial assets and financial liabilities that measured at amortised cost include: cash at bank and on hand, accounts receivable, other receivables, long-term receivables, short-term borrowings, accounts payable, notes payable, long-term borrowings, debentures payable, etc. The fair values of fixed rate long-term borrowings and debentures payable are likely to be different from their respective carrying amounts. Analysis of the fair values and carrying amounts of long-term borrowings and debentures payable are presented in Note 33 and Note 34, respectively. Except for these, the carrying amounts of other financial assets and financial liabilities that are not measured at fair value approximate their fair values.

The Group's investments in financial assets held for trading, financial liabilities held for trading, derivative financial instruments, receivables financing and other equity instruments are measured at fair value on the balance sheet date. The fair value of financial assets at fair value held for trading and financial liabilities held for trading are mainly categorised into Level 1 of the fair value hierarchy, which are based on the unadjusted quoted prices in active markets for identical assets or liabilities as inputs used in the valuation techniques. The fair values of derivative financial instruments are mainly categorised into Level 1 and Level 2 of the fair value hierarchy, which are based on the unadjusted quoted prices in active markets for identical assets or liabilities as inputs used in the valuation techniques, or the inputs other than quoted prices included within Level 1 that are observable either directly or indirectly. Receivables financing are mainly categorised into Level 3 of the fair value hierarchy, which are based on that receivables financing are mainly short-term bills of acceptance issued by banks, their fair values approximate the face values of the bills. The investments in other equity instruments are mainly categorised into Level 1 and Level 3 of the fair value hierarchy, which are based on the unadjusted quoted prices or related assets in active markets for identical assets or liabilities as inputs used in the valuation techniques.

As of December 31, 2025, financial assets continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	4,090	2,085	-	6,175
Derivative financial assets	2,580	6,762	-	9,342
Receivables financing	-	-	1,864	1,864
Investments in other equity instruments	456	-	868	1,324
Total	<u>7,126</u>	<u>8,847</u>	<u>2,732</u>	<u>18,705</u>

As of December 31, 2025, financial liabilities continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held for trading	-	4,152	-	4,152
Derivative financial liabilities	1,465	3,975	-	5,440
Total	<u>1,465</u>	<u>8,127</u>	<u>-</u>	<u>9,592</u>

As of December 31, 2024, financial assets continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading	2,585	231	-	2,816
Derivative financial assets	329	8,691	-	9,020
Receivables financing	-	-	8,868	8,868
Investments in other equity instruments	390	-	317	707
Total	<u>3,304</u>	<u>8,922</u>	<u>9,185</u>	<u>21,411</u>

As of December 31, 2024, financial liabilities continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities held for trading	-	3,808	-	3,808
Derivative financial liabilities	2,533	4,518	-	7,051
Total	<u>2,533</u>	<u>8,326</u>	<u>-</u>	<u>10,859</u>

The Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the bills receivable classified as Level 3 financial assets.

**62 RELATED PARTIES AND RELATED PARTY TRANSACTIONS****(1) Parent company****(a) General information of parent company**

CNPC, the immediate parent of the Company, is a limited liability company directly controlled by the PRC government.

	Type of legal entity	Place of incorporation	Legal representative	Principal activities
China National Petroleum Corporation	Limited liability company (wholly state-owned)	PRC	Dai Houliang	Oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, construction and technical services and petroleum equipment manufacturing, etc.

**(b) Registered capital and changes in registered capital of the parent company**

	December 31, 2024	Additions	Reductions	December 31, 2025
China National Petroleum Corporation	486,900	-	-	486,900

**(c) Equity interest and voting rights of the parent company**

	December 31, 2025		December 31, 2024	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	82.36	82.36	82.62	82.62

**(2) Subsidiaries**

Details about subsidiaries and related information are disclosed in Note 6(1).

(3) Nature of related parties that are not controlled by the Company

Names of related parties	Relationship with the Company
China Oil & Gas Piping Network Corporation	Associate
China National Aviation Fuel Co., Ltd.	Associate
China Marine Bunker (PetroChina) Co., Ltd.	Joint venture
Mangistau Investment B.V.	Joint venture
Trans-Asia Gas Pipeline Co., Ltd.	Joint venture
China Petroleum Finance Co., Ltd.	Associate, Subsidiary of CNPC
CNPC Captive Insurance Co., Ltd.	Associate, Subsidiary of CNPC
CNPC Shared Operation Co., Ltd.	Associate, Subsidiary of CNPC
CNPC Bohai Drilling Engineering Co., Ltd.	Subsidiary of CNPC
CNPC Oriental Geophysical Exploration Co., Ltd.	Subsidiary of CNPC
CNPC Chuanqing Drilling Engineering Co., Ltd.	Subsidiary of CNPC
Daqing Petroleum Administrative Bureau Co., Ltd.	Subsidiary of CNPC
Liaohu Petroleum Exploration Bureau Co., Ltd.	Subsidiary of CNPC
China Petroleum Pipeline Bureau Co., Ltd.	Subsidiary of CNPC
CNPC Kunlun Logistics Co., Ltd.	Subsidiary of CNPC
CNPC Material Company Co., Ltd.	Subsidiary of CNPC
China National Oil and Gas Exploration and Development Corporation Co., Ltd.	Subsidiary of CNPC
China National United Oil Co., Ltd.	Subsidiary of CNPC

(4) Summary of significant related party transactions

(a) Related party transactions with CNPC and its subsidiaries:

The Company and CNPC re-entered into a Comprehensive Products and Services Agreement on August 30, 2023 for a period of three years effective from January 1, 2024. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by CNPC and its subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, then the actual cost incurred or the agreed contractual prices are used. In addition, the Company and China Petroleum Finance Co., Ltd. entered into a Financial Services Agreement on August 30, 2023, which stipulates that China Petroleum Finance Co., Ltd. provides financial services to the Group. The Financial Services Agreement is valid for 3 years and took effect from January 1, 2024.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed for a period of 50 years from 2000, the Company and CNPC entered into a supplemental agreement to the Land Use Rights Leasing Contract which took effect on January 1, 2012. The expiry date of the supplemental agreement is the same as the Land Use Rights Leasing Contract, which is in 2050. The Company and CNPC may adjust area and rental payable for the leased land parcels every three years taking into consideration of production and operations of the Company and the prevailing market price. On August 30, 2023, the Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract, which adjusted the rental payable and the area for the leased land parcels with effect from January 1, 2024. The Company agreed to rent from CNPC and its subsidiaries parcels of land with an aggregate area of approximately 1,134 million square metres with annual rental payable (exclusive of tax and government charges) approximately RMB5,724 based on the area of leased land parcels and the current market conditions. Apart from the annual rental payable and area for the leased parcels, the other terms in the Land Use Rights Leasing Contract and supplemental agreement remained unchanged.

On August 24, 2017, the Company entered into a Buildings Leasing Contract with CNPC, which took effect on January 1, 2018 for a period of 20 years. Both parties can make appropriate adjustments to the area of the leased building and rent about every three years, taking into consideration of production and operations of the Company and the prevailing market price. But the adjusted rent shall not exceed the comparable fair price in the market. On August 30, 2023, the Company and CNPC issued a confirmation letter to the Buildings Leasing Contract, which adjusted the annual rental payable and the area for the leased which took effect on January 1, 2024. Buildings covering an aggregate area of 1,613.1 thousand square meters were leased at annual rental payable approximately RMB893 in accordance with the confirmed rental area and the current property market conditions. Apart from the annual rental payable and area of the leased building, the other terms in the Building Leasing Contract remained unchanged.

	Notes	2025	2024
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	40,176	47,026
Purchases of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	172,700	183,276
Fees for production services	(3)	164,020	153,026
Ancillary and social services charges	(4)	3,219	3,636
Material supply services	(5)	31,632	30,672
Interest income	(6)	1,747	1,944
Interest expense	(7)	2,337	2,099
Other financial service expense	(8)	1,841	1,729
Rental and other expenses paid to CNPC and its subsidiaries	(9)	7,555	6,148
Purchases of assets from CNPC and its subsidiaries	(10)	1,547	1,584

Notes:

- (1) Primarily crude oil, natural gas, refined products, chemical products and the supply of water, electricity, gas, heat, measurement, quality inspection, and other relevant or similar products or services.
- (2) Construction and technical services comprise geophysical survey, drilling, well cementing, logging, well testing, oil testing, oilfield construction, refineries and chemical plants construction, engineering design and supervision, repair of equipment, and other relevant or similar products or services.
- (3) Production services comprise the repair of machinery and equipment, supply of water, electricity and gas, provision of services such as communications, transportation, fire fighting, asset leasing, environmental protection and sanitation, maintenance of roads, and manufacture of equipment and machinery and parts.
- (4) Ancillary and social services comprise mainly property management and provision of training centres, guesthouses, canteens, public shower rooms, security system, education, hospitals, and preschool.
- (5) Material supply services comprise mainly purchases of materials, quality control, storage of materials and delivery of materials.
- (6) The bank deposits in CNPC and its subsidiaries as of December 31, 2025 were RMB70,418 (December 31, 2024: RMB71,358).
- (7) The loans from CNPC and its subsidiaries including long-term borrowings from related-party borrowings, long-term borrowings due within one year and short-term borrowings as of December 31, 2025 were RMB154,901 (December 31, 2024: RMB148,878).
- (8) Other financial service expense primarily refers to expense of insurance and other services.
- (9) Rental and other expenses paid to CNPC and its subsidiaries refer to: 1) Rental was calculated and paid in accordance with the Building and Land Use Rights leasing contract between the Group and CNPC. 2) Rental and other payments (including all rentals, leasing service fees and prices for exercising purchase options) were paid according to other lease agreements entered into by the Group and CNPC and its subsidiaries.
- (10) Purchases of assets comprise mainly the purchases of manufacturing equipment, office equipment and transportation equipment.

**(b) Related party transactions with associates and joint ventures:**

The transactions between the Group and its associates and joint ventures are conducted at government-prescribed prices or market prices.

	2025	2024
(a) Sales of goods		
- Crude oil	20,594	22,868
- Refined products	86,172	82,052
- Chemical products	1,855	109
- Natural gas	17,139	17,758
(b) Sales of services	957	466
(c) Purchases of goods	43,047	38,809
(d) Purchases of services	85,576	77,299

**(5) Commissioned loans**

The Company with its subsidiaries, CNPC and its subsidiaries with the Group, commissioned CP Finance and other financial institutions to provide loans to each other, charging interest in accordance with the prevailing interest rates. Loans between the Company and its subsidiaries have been eliminated in the consolidated financial statements. As of December 31, 2025, the eliminated commissioned loans include the loans provided by the Company to its subsidiaries amounted to RMB32,298 (December 31, 2024: RMB36,043) and the loans provided to the Company by its subsidiaries amounted to RMB45,889 (December 31, 2024: RMB40,519).

**(6) Guarantees**

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 33 and Note 34.

**(7) Receivables and payables with related parties****(a) Receivables from related parties**

	December 31, 2025	December 31, 2024
CNPC and its subsidiaries		
Accounts receivable	3,737	3,908
Advances to suppliers	5,083	7,594
Other receivables	4,710	4,615
Other non-current assets	16,782	11,160
Associates and joint ventures		
Accounts receivable	2,640	262
Advances to suppliers	628	140
Other receivables	276	2,300
Other current assets	9,843	9,607
Other non-current assets	9,519	8,789

As of December 31, 2025, the provisions for bad debts of the receivables from related parties amounted to RMB658 (December 31, 2024: RMB569).

As of December 31, 2025, the receivables from related parties represented 30% (December 31, 2024: 29%) of total receivables.

**(b) Payables to related parties**

	December 31, 2025	December 31, 2024
CNPC and its subsidiaries		
Accounts payable	39,506	46,832
Other payables	3,841	4,332
Contract liabilities	663	2,317
Lease liabilities (including lease liabilities due within one year)	103,414	94,398
Associates and joint ventures		
Accounts payable	11,307	5,386
Other payables	1,201	511
Contract liabilities	1,543	102

As of December 31, 2025, the payables to related parties represented 32% (December 31, 2024: 30%) of total payables.

**(8) Key management personnel compensation**

	2025	2024
	RMB'000	RMB'000
Key management personnel compensation	23,948	22,654

**63 Contingent Liabilities**

**(1) Bank and other guarantees**

As of December 31, 2025 and December 31, 2024, the Group did not guarantee related parties or third parties any significant borrowings or others.

**(2) Environmental liabilities**

The PRC has enacted comprehensive environmental laws and regulations that affect the operation of the oil and gas industry. Management believes that there are no probable liabilities under existing legislation, except for the amounts which have already been reflected in the consolidated financial statements, which may have a material adverse effect on the financial position of the Group.

As of December 31, 2025, the amounts of asset retirement obligations which have already been reflected in the consolidated financial statements relating to environmental liabilities were RMB173,503 (December 31, 2024: RMB162,019) (Note 35).

### (3) Legal contingencies

During the reporting period, the Group has complied with domestic and overseas laws and regulations and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding of the Group, management believes that any resulting legal liabilities will not have a material adverse effect on the financial position of the Group.

### (4) Group insurance

The Group has insurance coverage for certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents, and employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

## 64 COMMITMENTS

### (1) Capital commitments

As of December 31, 2025, the Group's capital commitments contracted but not provided for, were RMB51,701 (December 31, 2024: RMB20,878).

These capital commitments are transactions mainly with CNPC and its subsidiaries.

### (2) Exploration and production licenses

The Group is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. Payments incurred were RMB360 for the year ended December 31, 2025 (2024: RMB451).

According to the current policy, estimated annual payments for the next five years are as follows:

	December 31, 2025	December 31, 2024
Within one year	500	500
Between one and two years	500	500
Between two and three years	500	500
Between three and four years	500	500
Between four and five years	500	500

## 65 SUBSEQUENT EVENTS

Taihu Company, a wholly-owned subsidiary of the Company made cash contribution together with National Pipe Network Group Energy Storage Technology Co., Ltd., and Panjin State-owned Capital Investment and Operation Group Co., Ltd., to establish three new joint venture companies controlled by Taihu Company. These three new joint venture companies in December 2025 respectively entered into “Equity Acquisition Agreements” with Sichuan Petroleum Administration Bureau Co., Ltd., Xinjiang Petroleum Administration Bureau Co., Ltd. and Liaohe Petroleum Exploration Bureau Co., Ltd., each of which is a wholly-owned subsidiary of CNPC, to acquire 100% equity interest in each of their wholly-owned subsidiary, namely Chongqing Xiangguosi Gas Storage Co., Ltd., Xinjiang Oilfield Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd., at a consideration of RMB9,995, RMB17,066 and RMB12,955 respectively. The details are set out in the Company’s announcements published on August 26, 2025 and December 4, 2025 on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively. The transaction mentioned above was completed in January 2026 and constituted an equity transaction.

## FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

## 1 NON-RECURRING PROFIT/LOSS ITEMS

	2025	2024
Losses on disposal of non-current assets	(8,632)	(9,670)
Government grants recognised in the income statement	1,687	1,630
Gains/Losses arising from financial assets and financial liabilities not relating to the ordinary course of activities	1,514	685
Reversal of provisions for bad debts against receivables	55	47
Other non-operating income and expenses	(60)	(4,046)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	385	1,201
	<u>(5,051)</u>	<u>(10,153)</u>
Tax impact	766	1,902
Impact of non-controlling interests	(84)	(360)
Total	<u>(4,369)</u>	<u>(8,611)</u>

2025 and 2024 basis for preparation of statement of non-recurring profit/loss items

In 2023, the China Securities Regulatory Commission promulgated the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profit or Loss (Revised in 2023) (hereinafter "2023 Explanatory Announcement No. 1") which became effective on the date of issuance. The Group prepared 2023 statement of non-recurring profit/loss items based on the 2025 and 2024 Explanatory Announcement No. 1.

According to the 2023 Explanatory Announcement No. 1, non-recurring profit/loss items refer to those arise from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to happen frequently that would have an influence on the financial statements users' making economic decisions based on the financial performance and profitability of an enterprise.

## 2 SIGNIFICANT DIFFERENCES BETWEEN IFRS Accounting Standards AND CAS

The consolidated net profit for the year under IFRS Accounting Standards and CAS were RMB172,021 and RMB172,005, respectively, with a difference of RMB16; the consolidated shareholders' equity for the year under IFRS Accounting Standards and CAS were RMB1,799,324 and RMB1,799,548, respectively, with a difference of RMB224. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999.

During the Restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS Accounting Standards.



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## Independent auditor's report

to the shareholders of PetroChina Company Limited  
(established in the People's Republic of China with limited liability)

### Opinion

We have audited the consolidated financial statements of PetroChina Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 216 to 285, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

畢馬威華振會計師事務所(特殊普通合伙) — 中國合夥制會計師事務所，是與畢馬威國際有限公司(英國私營擔保有限公司)相關聯的獨立成員所全球組織中的成員。



## Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

### Key audit matter (continued)

<b>Assessment of impairment of oil and gas properties</b>	
<i>Refer to notes 3.1(a), 3.1(b), 5(b) and 16 to the consolidated financial statements</i>	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>Oil and gas properties as included in property, plant and equipment amounted to Renminbi ("RMB") 865,782 million as at December 31, 2025 and the impairment losses recognized for oil and gas properties for the year ended December 31, 2025 were RMB8,254 million.</p> <p>The Company allocates oil and gas properties to separately identifiable cash-generating units ("CGUs") and reviews these CGUs for possible impairment by considering events or changes in circumstances indicating that their carrying amounts may not be recoverable. Such events and changes in circumstances include the economic impact on these CGUs resulting from lower oil and gas prices, higher production costs and decline in oil and gas reserve volumes as estimated by the reserves specialists in accordance with recognized industry standards.</p> <p>For those CGUs where an impairment indicator is identified, the Company compares the carrying amount of individual CGU with its recoverable amount, which is estimated by calculating the value in use using a discounted cash flow forecast, to determine the impairment loss to be recognized, if any.</p>	<p>Our audit procedures to assess impairment of oil and gas properties included the following:</p> <ul style="list-style-type: none"> <li>evaluating the design and the operating effectiveness of certain internal controls related to the process for impairment assessment of oil and gas properties;</li> <li>evaluating the Company's identification of CGUs, allocation of assets to those CGUs and identification of impairment indicators;</li> <li>assessing the competence, capabilities and objectivity of the Company's reserves specialists and evaluated the methodology adopted by them in estimating the oil and gas reserves against the recognized industry standards;</li> <li>evaluating the future selling prices for crude oil and natural gas used in the discounted cash flow forecasts by comparing them with the Company's business plans and forecasts by external analysts;</li> <li>evaluating the future production costs and future production profiles used in the discounted cash flow forecasts by comparing them with oil and gas reserves reports issued by the reserves specialists;</li> </ul>



Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

Key audit matter (continued)

<b>Assessment of impairment of oil and gas properties (continued)</b>	
<i>Refer to notes 3.1(a), 3.1(b), 5(b) and 16 to the consolidated financial statements</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified assessment of impairment of oil and gas properties as a key audit matter because the recoverable amounts of these CGUs are sensitive to the changes to future selling prices and production costs for crude oil and natural gas, future production profiles, and discount rates, and involved significant management judgment and estimates in determining the recoverable amounts.</p>	<ul style="list-style-type: none"> <li>• involving our internal professionals with skills and knowledge on valuation to assist us in assessing the discount rates applied in the discounted cash flow forecasts against a discount rate range that was independently developed using publicly available market data for comparable companies in the same industry;</li> <li>• comparing the actual results for the current year with the Company's forecasts prepared in the prior year to assess the historical accuracy of the Company's forecasting process; and</li> <li>• assessing the relevant disclosures in the consolidated financial statements in respect of management's impairment assessment of oil and gas properties with reference to the requirements of the prevailing accounting standards.</li> </ul>



## Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

### Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



## Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



## Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## Independent auditor's report

to the shareholders of PetroChina Company Limited (continued)  
(established in the People's Republic of China with limited liability)

### **Auditor's responsibilities for the audit of the consolidated financial statements (continued)**

From the matters communicated with the Audit and Risk Management Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Kwok Keung, Raymond (practising certificate number: P04211).

KPMG  
Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
March 27, 2026

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended December 31, 2025**

(All amounts in RMB millions unless otherwise stated)

	Notes	2025 RMB	2024 RMB
REVENUE	6	2,864,469	2,937,981
OPERATING EXPENSES			
Purchases, services and other		(1,904,951)	(1,938,093)
Employee compensation costs	8	(185,096)	(179,257)
Exploration expenses, including exploratory dry holes		(18,608)	(20,862)
Depreciation, depletion and amortisation		(248,125)	(243,209)
Selling, general and administrative expenses		(55,935)	(59,749)
Taxes other than income taxes	9	(245,590)	(267,261)
Other income/(expenses), net		13,077	4,404
TOTAL OPERATING EXPENSES		<u>(2,645,228)</u>	<u>(2,704,027)</u>
PROFIT FROM OPERATIONS		<u>219,241</u>	<u>233,954</u>
FINANCE COSTS			
Exchange gain		6,881	12,726
Exchange loss		(7,681)	(11,884)
Interest income		7,760	8,799
Interest expense	10	(17,567)	(20,731)
TOTAL NET FINANCE COSTS		<u>(10,607)</u>	<u>(11,090)</u>
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		<u>17,531</u>	<u>18,644</u>
PROFIT BEFORE INCOME TAX EXPENSE	7	<u>226,165</u>	<u>241,508</u>
INCOME TAX EXPENSE	12	<u>(54,144)</u>	<u>(57,753)</u>
PROFIT FOR THE YEAR		<u>172,021</u>	<u>183,755</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Fair value changes in equity investment measured at fair value through other comprehensive income		104	(109)
Currency translation differences		(1,801)	(137)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedges		288	(8,111)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		342	212
Currency translation differences		(357)	(4,019)
OTHER COMPREHENSIVE INCOME, NET OF TAX		<u>(1,424)</u>	<u>(12,164)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>170,597</u>	<u>171,591</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company	13	157,318	164,684
Non-controlling interests		14,703	19,071
		<u>172,021</u>	<u>183,755</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		157,658	152,660
Non-controlling interests		12,939	18,931
		<u>170,597</u>	<u>171,591</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	14	<u>0.86</u>	<u>0.90</u>

The accompanying notes are an integral part of these financial statements.

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2025**

(All amounts in RMB millions unless otherwise stated)

	Notes	December 31, 2025 RMB	December 31, 2024 RMB
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	1,610,487	1,570,810
Investments in associates and joint ventures	17	303,452	289,970
Equity investments measured at fair value through other comprehensive income		1,324	700
Right-of-use assets	19	196,120	192,014
Intangible and other non-current assets	20	88,173	76,690
Deferred tax assets	32	30,056	26,765
Time deposits with maturities over one year		2,868	4,958
<b>TOTAL NON-CURRENT ASSETS</b>		<u>2,232,480</u>	<u>2,161,907</u>
<b>CURRENT ASSETS</b>			
Inventories	21	150,553	168,338
Accounts receivable	22	77,929	71,610
Derivative financial instruments	23	9,342	9,020
Prepayments and other current assets	24	110,966	114,290
Financial assets at fair value through other comprehensive income	25	1,864	8,868
Financial assets at fair value through profit or loss		6,175	2,816
Time deposits with maturities over three months but within one year		32,306	43,425
Cash and cash equivalents	26	206,162	172,477
<b>TOTAL CURRENT ASSETS</b>		<u>595,297</u>	<u>590,844</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	27	320,040	338,513
Contract liabilities	28	84,599	80,266
Income taxes payable		10,052	6,845
Other taxes payable		40,871	53,400
Short-term borrowings	29	64,101	138,783
Derivative financial instruments	23	5,440	7,051
Lease liabilities	19	9,545	8,651
Financial liabilities at fair value through profit or loss		4,152	3,808
<b>TOTAL CURRENT LIABILITIES</b>		<u>538,800</u>	<u>637,317</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>56,497</u>	<u>(46,473)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,288,977</u>	<u>2,115,434</u>
<b>EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
Share capital	30	183,021	183,021
Retained earnings		1,043,166	987,271
Reserves	31	359,650	344,840
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u>1,585,837</u>	<u>1,515,132</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>213,487</u>	<u>194,491</u>
<b>TOTAL EQUITY</b>		<u>1,799,324</u>	<u>1,709,623</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	29	163,462	98,072
Asset retirement obligations	33	173,503	162,019
Lease liabilities	19	116,342	109,968
Deferred tax liabilities	32	26,625	25,672
Other long-term obligations		9,721	10,080
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>489,653</u>	<u>405,811</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>2,288,977</u>	<u>2,115,434</u>

The accompanying notes are an integral part of these financial statements.

Chairman  
Dai Houliang

Director and President  
Ren Lixin

Chief Financial Officer  
Wang Hua

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2025**

(All amounts in RMB millions unless otherwise stated)

	2025	2024
	RMB	RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	172,021	183,755
Adjustments for:		
Income tax expense	54,144	57,753
Depreciation, depletion and amortisation	248,125	243,209
Capitalised exploratory costs charged to expense	6,818	7,750
Safety fund reserve	618	105
Share of profit of associates and joint ventures	(17,531)	(18,644)
Accrual of provision for impairment of receivables, net	1,084	743
Write down in inventories, net	2,589	2,367
Impairment of other non-current assets	4,429	42
Loss on disposal and scrap of property, plant and equipment	9,181	9,961
Gain on disposal and scrap of other non-current assets	(453)	(291)
Gain on disposal of subsidiaries	(3)	(865)
Gain from changes in fair value	(2,515)	(4,673)
Dividend income	(189)	(30)
Interest income	(7,760)	(8,799)
Interest expense	17,567	20,731
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(1,150)	(12,400)
Inventories	15,196	9,934
Accounts payable and accrued liabilities	(42,071)	(25,108)
Contract liabilities	4,333	(3,674)
<b>CASH FLOWS GENERATED FROM OPERATIONS</b>	464,433	461,866
Income taxes paid	(51,923)	(55,334)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	412,510	406,532

The accompanying notes are an integral part of these financial statements.

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the Year Ended December 31, 2025**

(All amounts in RMB millions unless otherwise stated)

	2025	2024
	RMB	RMB
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(292,321)	(302,180)
Acquisition of investments in associates and joint ventures	(12,368)	(8,413)
Acquisition of intangible assets and other non-current assets	(468)	(471)
Acquisition of subsidiaries	(103)	(11)
Acquisition of financial assets at fair value through profit or loss	(9,077)	(1,936)
Proceeds from disposal of property, plant and equipment	1,503	604
Proceeds from disposal of other non-current assets	8,536	7,580
Proceeds from disposal of investments and investments in associates	1,438	172
Interest received	7,446	8,315
Dividends received	16,500	13,591
Decrease/(increase) in time deposits with maturities over three months	13,209	(24,598)
<b>NET CASH FLOWS USED FOR INVESTING ACTIVITIES</b>	<b>(265,705)</b>	<b>(307,347)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(609,592)	(637,760)
Repayments of long-term borrowings	(7,245)	(45,064)
Repayments of lease liabilities	(10,748)	(11,987)
Interest paid	(14,384)	(12,760)
Dividends paid to non-controlling interests	(10,795)	(11,139)
Dividends paid to owners of the Company	(86,020)	(82,360)
Consideration paid for business combinations under common control	-	(5,979)
Increase in short-term borrowings	574,180	536,627
Increase in long-term borrowings	35,978	89,309
Cash contribution from non-controlling interests	17,291	2,237
<b>NET CASH FLOWS USED FOR FINANCING ACTIVITIES</b>	<b>(111,335)</b>	<b>(178,876)</b>
<b>TRANSLATION OF FOREIGN CURRENCY</b>	<b>(1,785)</b>	<b>3,167</b>
Increase/(decrease) in cash and cash equivalents	33,685	(76,524)
Cash and cash equivalents at the beginning of the year	172,477	249,001
Cash and cash equivalents at the end of the year	206,162	172,477

The accompanying notes are an integral part of these financial statements.

**PETROCHINA COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2025**

(All amounts in RMB millions unless otherwise stated)

	Attributable to owners of the Company				Non-	Total
	Share	Retained	Reserves	Subtotal	controlling	Equity
	Capital	Earnings			Interests	
	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2024	183,021	919,700	348,365	1,451,086	184,210	1,635,296
Profit for the year ended December 31, 2024	-	164,684	-	164,684	19,071	183,755
Other comprehensive income for the year ended December 31, 2024	-	-	(12,024)	(12,024)	(140)	(12,164)
Special reserve-safety fund reserve	-	-	(138)	(138)	243	105
Transfer to reserves	-	(14,503)	14,503	-	-	-
Dividends	-	(82,360)	-	(82,360)	(10,934)	(93,294)
Transaction with non-controlling interests in subsidiaries	-	(196)	-	(196)	156	(40)
Capital contribution from non-controlling interests	-	-	-	-	2,317	2,317
Acquisition of CNPC Electric Energy	-	-	(5,979)	(5,979)	-	(5,979)
Disposal of subsidiaries	-	-	-	-	(567)	(567)
Other	-	(54)	113	59	135	194
<b>Balance at December 31, 2024</b>	<b>183,021</b>	<b>987,271</b>	<b>344,840</b>	<b>1,515,132</b>	<b>194,491</b>	<b>1,709,623</b>
Balance at January 1, 2025	183,021	987,271	344,840	1,515,132	194,491	1,709,623
Profit for the year ended December 31, 2025	-	157,318	-	157,318	14,703	172,021
Other comprehensive income for the year ended December 31, 2025	-	-	340	340	(1,764)	(1,424)
Special reserve-safety fund reserve	-	-	282	282	336	618
Transfer to reserves	-	(14,223)	14,223	-	-	-
Dividends	-	(86,020)	-	(86,020)	(10,994)	(97,014)
Capital contribution from non-controlling interests	-	-	-	-	17,291	17,291
Merger of subsidiary	-	(877)	877	-	-	-
Disposal of subsidiaries	-	-	-	-	(524)	(524)
Other	-	(303)	(912)	(1,215)	(52)	(1,267)
<b>Balance at December 31, 2025</b>	<b>183,021</b>	<b>1,043,166</b>	<b>359,650</b>	<b>1,585,837</b>	<b>213,487</b>	<b>1,799,324</b>

The accompanying notes are an integral part of these financial statements.

## 1 ORGANISATION AND PRINCIPAL ACTIVITIES

PetroChina Company Limited (“the Company”) was established as a joint stock company with limited liability on November 5, 1999 by 中國石油天然氣集團公司 (China National Petroleum Corporation (“CNPC”)) as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 “Reply on the approval of the establishment of PetroChina Company Limited” from the former State Economic and Trade Commission of the People’s Republic of China (“China” or “PRC”). CNPC restructured (“the Restructuring”) and injected its core business and the related assets and liabilities into the Company. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 (CNPC before and after the change of name) on December 19, 2017. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as “the Group”.

The Group is principally engaged in (i) the exploration, development, production, transportation and marketing of crude oil and natural gas, and new energy business; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products, and new materials business; (iii) the marketing of refined products and non-oil products, and trading business; and (iv) the transportation and the sale of natural gas business (Note 39).

## 2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards;
- IAS Standards;
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

A number of new or amended standards became applicable for the current reporting period (Note 2(a)). The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

#### (a) New and amended standards and interpretations adopted by the Group

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Lack of exchangeability – Amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates.

The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

#### (b) New and amended standards and interpretations not yet adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the December 31, 2025 reporting period and have not been early adopted by the Group. These standards, amendments or interpretations, except for IFRS 18, Presentation and Disclosure in Financial Statements (“IFRS 18”), are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions. The Group is still in the process of assessing the impact of the adoption of IFRS 18.

### 3 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

#### 3.1 Material accounting policies

##### (a) Property, plant and equipment

Property, plant and equipment, including oil and gas properties (Note 3.1(b)), are initially recorded in the consolidated statement of financial position at cost if it is probable that they will generate future economic benefits. Cost represents the purchase price of the asset and other costs incurred to bring the asset into intended use. Subsequent to their initial recognition, property, plant and equipment are carried at cost less accumulated depreciation, depletion and amortisation (including any impairment).

Depreciation, to write off the cost of each asset, other than oil and gas properties (Note 3.1(b)), to their residual values over their estimated useful lives is calculated using the straight-line method.

The Group uses the following estimated useful lives, estimated residual value ratios and annual depreciation rates for depreciation purposes:

	Estimated useful lives	Estimated residual value ratio %	Annual depreciation rate %
Buildings	8 to 40 years	5	2.4 to 11.9
Equipment and Machinery	4 to 30 years	3 to 5	3.2 to 24.3
Motor Vehicles	4 to 14 years	5	6.8 to 23.8
Others	5 to 12 years	5	7.9 to 19.0

No depreciation is provided on construction in progress until the assets are completed and ready for use.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate.

Property, plant and equipment, including oil and gas properties (Note 3.1(b)), are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of a cash-generating unit exceeds the higher of its fair value less costs to sell and its value in use. Value in use is the estimated net present value of future cash flows to be derived from the cash-generating unit.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are recorded in profit or loss.

Interest and other costs on borrowings to finance the construction of property, plant and equipment, including oil and gas properties (Note 3.1(b)), are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Costs for repairs and maintenance activities are expensed as incurred except for costs of components that result in improvements or betterments which are capitalised as part of property, plant and equipment and depreciated over their useful lives.

#### (b) Oil and gas properties

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, all costs for development wells, support equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Geological and geophysical costs are expensed when incurred. Costs of exploratory wells are capitalised pending determination of whether the wells find proved oil and gas reserves. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period before the ending date of the period covered by the proved oil and gas reserve report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. The costs shall be that prevailing at the end of the period.

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and are subject to impairment review (Note 3.1(a)). For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised only if additional drilling is underway or firmly planned. Otherwise the related well costs are expensed as dry holes. The Group does not have any significant costs of unproved properties capitalised in oil and gas properties.

The Ministry of Natural Resources in China issues production licenses to applicants on the basis of the reserve reports approved by relevant authorities.

The cost of oil and gas properties is amortised based on the units of production method. Units of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of the Group's production licenses.

#### (c) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value. At each date of the statement of financial position, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedge accounting.

Hedge accounting is a method which recognises the offsetting effects on profit or loss or other comprehensive income of changes in the fair values of the hedging instrument and the hedged item in the same accounting period, to represent the effect of risk management activities.

Hedged items are the items that expose the Group to risks of changes in future fair value or future cash flows and that are designated as being hedged and that must be reliably measurable. The Group's hedged items include a forecast transaction that is settled with an undetermined future market price and exposes the Group to risk of variability in cash flows, etc.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in fair value or cash flows of the hedged item.

The hedging relationship meets all of the following hedge effectiveness requirements:

(i) There is an economic relationship between the hedged item and the hedging instrument, which shares a risk and that gives rise to opposite changes in fair value that tend to offset each other.

(ii) The effect of credit risk does not dominate the value changes that result from that economic relationship.

(iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

## Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

As long as a cash flow hedge meets the qualifying criteria for hedge accounting, the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

- (i) The cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) The cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

The gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:

- (i) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity removes that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability;
- (ii) For cash flow hedges, other than those covered by the preceding policy statements, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss;
- (iii) If the amount that has been accumulated in the cash flow hedge reserve is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, the Group immediately reclassifies the amount that is not expected to be recovered into profit or loss.

An entity shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria such as situations as follows:

- (i) When the hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting (i.e. the entity no longer pursues that risk management objective);
- (ii) When a hedging instrument expires or is sold, terminated, exercised;
- (iii) There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- (iv) When the hedging relationship no longer meets other criteria for hedge accounting.

When an entity discontinues hedge accounting for a cash flow hedge, it shall account for the amount that has been accumulated in the cash flow hedge reserve as follows:

- (i) If the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and is accounted for as cash flow hedges.
- (ii) If the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur.

#### (d) Investments in joint operations

A joint operation is a joint arrangement whereby the Group and other joint operators that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises items related to its interest in a joint operation as follows:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

#### (e) Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and reliable estimates of the amounts can be made.

Provision for future decommissioning and restoration is recognised in full on the installation of oil and gas properties. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the costs of the oil and gas properties. Any change in the present value of the estimated expenditure other than due to passage of time which is regarded as interest expense, is reflected as an adjustment to the provision and oil and gas properties. Due to technological progress, legal requirements or changes in the market environment, changes in the provisions caused by changes in the amount of expenditure, estimated time of retirement obligations, discount rate, etc., may occur in fulfilling the retirement obligation. For an increase in provisions, the cost of oil and gas properties will be increased accordingly; for a decrease in provisions, the cost of oil and gas properties will be deducted within the limit of the carrying amount of assets related to decommissioning expenses. If a decrease in the provision exceeds the carrying amount of the oil and gas properties recognised corresponding to the provision, the excess shall be recognised immediately in profit or loss.

Provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### (f) Retirement benefit plans

The Group contributes to various employee retirement benefit plans organised by PRC municipal and provincial governments under which it is required to make monthly contributions to these plans at prescribed rates for its employees in China. The relevant PRC municipal and provincial governments undertake to assume the retirement benefit obligations of existing and future retired employees of the Group in China. The Group has similar retirement benefit plans for its employees in its overseas operations. Contributions to these PRC and overseas plans (“defined contribution plan”) are charged to expense as incurred. In addition, the Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred. The Group currently has no additional material obligations outstanding for the payment of retirement and other post-retirement benefits of employees in the PRC or overseas other than what described above.

### (g) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of crude oil, natural gas, refined products, chemical products, non-oil products, etc., and the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component more than 12 months, interest income is accrued or interest expense is accrued separately under the effective interest method. The Group does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

### (h) Taxation

#### (i) Deferred tax

Deferred tax is provided in full, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply to the period when the related deferred tax asset is realised or deferred tax liability is settled, and reflects uncertainty related to income taxes, if any.

The principal temporary differences arise from depreciation on oil and gas properties and equipment and provision for impairment of receivables, inventories, investments and property, plant and equipment. Deferred tax assets relating to the carry forward of unused tax losses and deductible temporary differences are recognised to the extent that it is probable that future taxable income will be available against which they can be used.

#### (ii) Taxes other than income tax

The Group also incurs various other taxes and levies that are not income taxes. "Taxes other than income taxes", which form part of operating expenses, primarily comprise consumption tax, resource tax, crude oil special gain levy, levy for mineral rights concessions, urban construction tax and education surcharges (Note 9).

## 3.2 Other potentially material accounting policies

### (a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. The Group accounts for business combinations (except for business combination under common control) using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Contingent liabilities assumed in a business combination are recognised in the acquisition accounting if they are present obligations and their fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

For purpose of the presentation of the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment.

A listing of the Group's principal subsidiaries is set out in Note 18.

#### (b) Investments in associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting in the consolidated financial statements of the Group and are initially recognised at cost.

Under this method of accounting, the Group's share of the post-acquisition profits or losses of associates is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss and is tested for impairment as part of the overall balance. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the fair value of net identifiable assets of the acquired associate at the date of acquisition. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. The gain or loss resulting from a downstream transaction involving assets that constitute a business, as defined in IFRS 3, Business Combinations, between the Group and its associate or joint venture is recognised in full in the consolidated financial statement.

A listing of the Group's principal associates is shown in Note 17.

### (c) Investments in joint ventures

Joint ventures are arrangements in which the Group with one or more parties have joint control, whereby the Group has rights to the net assets of the arrangements, rather than rights to their assets and obligations for their liabilities. The Group's interests in joint ventures are accounted for by the equity method of accounting (Note 3.2(b)) in the consolidated financial statements.

A listing of the Group's principal joint ventures is shown in Note 17.

### (d) Transactions with non-controlling interests

Transactions with non-controlling interests are treated as transactions with owners in their capacity as owners of the Group. Gains and losses resulting from disposals to non-controlling interests are recorded in equity. The differences between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired resulting from the purchase of non-controlling interests, are recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. The amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### (e) Foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Most assets and operations of the Group are located in the PRC (Note 39), and the functional currency of the Company and most of the consolidated subsidiaries is the Renminbi ("RMB"). The consolidated financial statements are presented in the presentation currency of RMB.

Foreign currency transactions of the Group are accounted for at the exchange rates prevailing at the respective dates of the transactions; monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the date of the statement of financial position; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in profit or loss.

For the Group entities that have a functional currency different from the Group's presentation currency, assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position. Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for each period and the resulting exchange differences are recognised in other comprehensive income.

#### (f) Intangible assets and goodwill

Expenditures on acquired patents, trademarks, technical know-how and licenses are capitalised at historical cost and amortised using the straight-line method over their estimated useful lives. Intangible assets are not subsequently revalued. The carrying amount of each intangible asset is reviewed and adjusted for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised whenever the carrying amount of an intangible asset exceeds its recoverable amount and is recognised in profit or loss. The recoverable amount is measured as the higher of fair value less costs to sell and value in use. Value in use is the estimated net present value of future cash flows to be derived from the asset.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the amount of any non-controlling interests in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised if the carrying amount of the cash-generating unit containing goodwill exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (g) Financial instruments

##### (i) Recognition and initial measurement

Accounts receivable and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

For the purposes of this assessment whether contractual cash flows are solely payments of principal and interest, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Detailed accounting policies for subsequent measurement of financial assets are set out below:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### (iii) Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (h) Impairment for financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses on trade and other receivables are presented under ‘Selling, general and administrative expenses’, similar to the presentation under IAS 39, Financial Instruments: Recognition and Measurement.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

## (i) Leases

### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the lease asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group present right-of-use assets and lease liabilities separately in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Payments made to the Ministry of Natural Resources to secure land use rights (excluding mineral properties) are treated as leases.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. There are no significant finance lease for the Group.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15, Revenue from Contracts with Customers, to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of lease income.

(j) Inventories

Inventories include oil products, chemical products and crude oil and other raw materials and supplies which are stated at the lower of cost and net realisable value. Cost is primarily determined by the weighted average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and directly attributable marketing and distribution costs.

### (k) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (Note 3.2(j)), property, plant and equipment (Note 3.1(a)), oil and gas properties (Note 3.1(b)) or intangible assets (Note 3.2(f)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised.

### (l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 3.2(h) and are reclassified to receivables when the right to the consideration has become unconditional (Note 3.2(m)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (Note 3.2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (Note 3.2(r)).

#### (m) Accounts receivable

Accounts receivable are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due (Note 3.2(l)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (Note 3.2(h)).

#### (n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held with banks and highly liquid investments with original maturities of three months or less from the time of purchase.

#### (o) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has unconditional rights to defer settlements of the liabilities for at least 12 months after the reporting period.

#### (q) Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12, Income Taxes.

#### (r) Interest income and interest expense

Interest income or expense is recognised using the effective interest method.

The “effective interest rate” is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### (s) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

#### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### (t) Research and development

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Research expenditure incurred is recognised as an expense. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits.

#### (u) Related parties

Related parties include CNPC and its subsidiaries, their associates and joint ventures, other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over, and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members.

## 4 FINANCIAL RISK AND CAPITAL MANAGEMENT

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

#### (a) Market risk

Market risk is the possibility that changes in foreign exchange rates, interest rates and the prices of oil and gas products will adversely affect the value of assets, liabilities and expected future cash flows.

##### (i) Foreign exchange risk

The Group conducts its domestic business primarily in RMB, but maintains a portion of its assets in other currencies to pay for imported crude oil, natural gas, imported equipment and other materials and to meet foreign currency financial liabilities. The Group is exposed to currency risks arising from fluctuations in various foreign currency exchange rates against the RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates.

Additionally, the Group operates internationally and foreign exchange risk arises from future acquisitions and commercial transactions, recognised assets and liabilities and net investments in foreign operations. Certain entities in the Group might use currency derivatives to manage such foreign exchange risk.

##### (ii) Interest rate risk

The Group has no significant interest rate risk on interest-bearing assets. The Group's exposure to interest rate risk arises from its borrowings. The Group's borrowings at floating rates expose the Group to cash flow interest rate risk and its borrowings at fixed rates expose the Group to fair value interest rate risk. However, the exposure to interest rate risk is not material to the Group. A detailed analysis of the Group's borrowings, together with their respective interest rates and maturity dates, is included in Note 29.

##### (iii) Price risk

The Group is engaged in a wide range of oil and gas products-related activities. Prices of oil and gas products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts on the Group.

The Group uses derivative financial instruments, including commodity futures, commodity swaps and commodity forwards, to hedge some price risks efficiently.

As at 31 December 2025, the Group had certain commodity contracts of crude oil, natural gas, refined oil products and chemical products designated as hedges. As at 31 December 2025, the fair value of such derivative hedging financial instruments is derivative financial assets of RMB9,031 (2024: RMB8,883) and derivative financial liabilities of RMB5,400 (2024: RMB6,834).

As at 31 December 2025, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would increase/decrease the Group's profit for the year by approximately RMB114 (2024: decrease/increase RMB481), and would decrease/increase the Group's other reserves for the year by approximately RMB2,012 (2024: decrease/increase RMB2,319). This sensitivity analysis has been determined assuming that the change in prices had occurred at the reporting date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk.

#### (b) Credit risk

Credit risk arises from cash and cash equivalents, time deposits with banks, accounts receivable, prepayments and other current assets, financial assets at fair value through other comprehensive income and intangible and other non-current assets.

A substantial portion of the Group's cash at bank and time deposits are placed with the major state-owned banks and financial institutions in China and management believes that the credit risk is low.

The Group performs ongoing assessment of the credit quality of its customers and sets appropriate credit limits taking into account the financial position and past history of defaults of customers. The aging analysis of accounts receivable (net of impairment of accounts receivable) is presented in Note 22.

The carrying amounts of cash and cash equivalents, time deposits placed with banks, accounts receivable, prepayments and other current assets, financial assets at fair value through other comprehensive income and long-term receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

In managing its liquidity risk, the Group has access to funding at market rates through equity and debt markets, including using undrawn committed borrowing facilities to meet foreseeable borrowing requirements.

Given the low level of gearing and continued access to funding, the Group believes that its liquidity risk is not material.

Analysis of the Group's borrowings and lease liabilities based on the remaining period at the date of the statement of financial position to the contractual maturity dates is presented in Note 29 and Note 19.

## 4.2 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, optimise returns for owners and to minimise its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as interest-bearing borrowings / (interest-bearing borrowings + total equity), interest-bearing borrowings include short-term and long-term borrowings. The gearing ratio at December 31, 2025 is 11.23% (2024: 12.17%).

## 4.3 Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Group at December 31, 2025 and 2024 are disclosed in the respective accounting policies.

Financial assets and financial liabilities that measured at amortised cost include: cash and cash equivalents, time deposits with maturities over three months but within one year, accounts receivable, other receivables, long-term receivables, short-term borrowings, trade payables, notes payable, long-term borrowings, etc. The fair values of fixed rate long-term borrowings are likely to be different from their respective carrying amounts. Analysis of the fair values and carrying amounts of long-term borrowings is presented in Note 29. Except for this, the carrying amounts of other financial assets and financial liabilities that are not measured at fair value approximate their fair value.

The Group's investments in FVTPL, derivative financial instruments and FVOCI are measured at fair value at the reporting date. The fair value of FVTPL and derivative financial instruments are mainly categorised into Level 1 and Level 2 of the fair value hierarchy, which are based on the unadjusted quoted prices in active markets for identical assets or liabilities as inputs used in the valuation techniques, or the inputs other than quoted prices included within Level 1 that are observable either directly or indirectly. Bills receivable in FVOCI are mainly categorised into Level 3 of the fair value hierarchy, which are based on that bills receivable are mainly short-term bills of acceptance issued by banks, and their fair values approximate the face values of the bills. The equity investments in FVOCI that are not held for trading are measured at fair value at the end of the reporting period. The fair value of such equity investments are mainly categorised into Level 1 or Level 3 of the fair value hierarchy, which are based on the unadjusted quoted prices in active markets for identical assets or liabilities or unobservable related assets inputs used in the valuation techniques.

As of December 31, 2025, financial assets and financial liabilities continuing to be measured at fair value are listed as follows in three levels:

	Level 1	Level 2	Level 3	Total
	RMB	RMB	RMB	RMB
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
– Financial assets at fair value through profit or loss	4,090	2,085	-	6,175
Derivative financial instruments:				
– Derivative financial assets	2,580	6,762	-	9,342
Financial assets at fair value through other comprehensive income:				
– Bills receivable	-	-	1,864	1,864
– Other Investments	456	-	868	1,324
	<u>7,126</u>	<u>8,847</u>	<u>2,732</u>	<u>18,705</u>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities at fair value through profit or loss	-	4,152	-	4,152
Derivative financial instruments:				
– Derivative financial liabilities	1,465	3,975	-	5,440
	<u>1,465</u>	<u>8,127</u>	<u>-</u>	<u>9,592</u>

As of December 31, 2024, financial assets and financial liabilities continuing to be measured at fair value are listed as follows in three levels:

	Level 1	Level 2	Level 3	Total
	RMB	RMB	RMB	RMB
<b>Financial assets</b>				
Financial assets at fair value through profit or loss:				
– Financial assets at fair value through profit or loss	2,585	231	-	2,816
Derivative financial instruments:				
– Derivative financial assets	329	8,691	-	9,020
Financial assets at fair value through other comprehensive income:				
– Bills receivable	-	-	8,868	8,868
– Other Investments	390	-	310	700
	<u>3,304</u>	<u>8,922</u>	<u>9,178</u>	<u>21,404</u>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities at fair value through profit or loss	-	3,808	-	3,808
Derivative financial instruments:				
– Derivative financial liabilities	2,533	4,518	-	7,051
	<u>2,533</u>	<u>8,326</u>	<u>-</u>	<u>10,859</u>

The Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the bills receivable classified as Level 3 financial assets.

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's consolidated financial statements.

### (a) Estimation of oil and gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also important elements in testing impairment of property, plant and equipment (Note 5(b)). Changes in proved oil and gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the consolidated financial statements for property, plant and equipment relating to oil and gas production activities. An increase/reduction in proved developed reserves will decrease/increase depreciation, depletion and amortisation charges. Proved oil and gas reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

### (b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil, natural gas, refined and chemical products, the operation costs, the product mix, production volumes, production profile and the oil and gas reserves. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, may allow the Group to avoid the need to impair any assets or make it necessary to reverse an impairment loss recognised in prior periods, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in future, the Group may either over or under recognise the impairment losses for certain assets.

### (c) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amount of the provision recognised is the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the management plan for the decommissioning of oil and gas properties, the estimation of the economic lives of oil and gas properties and estimates of discount rates. The estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

According to changes in the internal and external environment, accounting standards and the Group's asset retirement expense measures and other relevant regulations, oil and gas field companies recalculate their asset retirement obligations of oil and gas properties based on the latest parameters to more objectively reflect the actual situation of the Group's asset retirement obligation of oil and gas properties.

## 6 REVENUE

Revenue represents revenues from the sale of crude oil, natural gas, refined products, chemical products, non-oil products, etc., and from the transportation of crude oil and natural gas. Revenue from contracts with customers is mainly recognised at a point in time. The revenue information for the year ended December 31, 2025 and 2024 are as follows:

2025 Type of revenue	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
<b>Type of goods and services</b>						
Crude oil	513,153	-	697,397	-	-	1,210,550
Natural gas (i)	200,350	-	434,951	586,681	-	1,221,982
Refined products	-	823,781	1,149,043	-	-	1,972,824
Chemical products	-	248,941	45,387	-	-	294,328
Pipeline transportation business	-	-	-	1,057	-	1,057
Non-oil sales in gas stations	-	-	23,392	-	-	23,392
Others	110,819	5,195	2,183	31,313	7,137	156,647
Intersegment elimination	(689,779)	(751,618)	(530,523)	(40,646)	(5,237)	(2,017,803)
Revenue from contracts with customers	134,543	326,299	1,821,830	578,405	1,900	2,862,977
Other revenue	486	130	393	452	31	1,492
<b>Total</b>	<b>135,029</b>	<b>326,429</b>	<b>1,822,223</b>	<b>578,857</b>	<b>1,931</b>	<b>2,864,469</b>
<b>Geographical Region</b>						
China's mainland	61,565	326,299	924,575	578,405	1,900	1,892,744
Others	72,978	-	897,255	-	-	970,233
Revenue from contracts with customers	134,543	326,299	1,821,830	578,405	1,900	2,862,977
Other revenue	486	130	393	452	31	1,492
<b>Total</b>	<b>135,029</b>	<b>326,429</b>	<b>1,822,223</b>	<b>578,857</b>	<b>1,931</b>	<b>2,864,469</b>

2024 Type of revenue	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
<b>Type of goods and services</b>						
Crude oil	601,200	-	729,021	-	-	1,330,221
Natural gas (i)	184,128	-	404,037	559,387	-	1,147,552
Refined products	-	933,691	1,237,064	-	-	2,170,755
Chemical products	-	253,030	54,824	-	-	307,854
Pipeline transportation business	-	-	-	1,060	-	1,060
Non-oil sales in gas stations	-	-	26,447	-	-	26,447
Others	121,208	5,708	2,602	31,855	7,464	168,837
Intersegment elimination	(751,951)	(848,369)	(576,084)	(35,583)	(4,153)	(2,216,140)
Revenue from contracts with customers	154,585	344,060	1,877,911	556,719	3,311	2,936,586
Other revenue	277	160	551	388	19	1,395
<b>Total</b>	<b>154,862</b>	<b>344,220</b>	<b>1,878,462</b>	<b>557,107</b>	<b>3,330</b>	<b>2,937,981</b>
<b>Geographical Region</b>						
China's mainland	74,115	344,060	994,603	556,719	3,311	1,972,808
Others	80,470	-	883,308	-	-	963,778
Revenue from contracts with customers	154,585	344,060	1,877,911	556,719	3,311	2,936,586
Other revenue	277	160	551	388	19	1,395
<b>Total</b>	<b>154,862</b>	<b>344,220</b>	<b>1,878,462</b>	<b>557,107</b>	<b>3,330</b>	<b>2,937,981</b>

(i) Includes both conventional and unconventional natural gas.

## 7 PROFIT BEFORE INCOME TAX EXPENSE

	2025	2024
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
<u>Credited</u>		
Dividend income from equity investments measured at fair value through other comprehensive income	189	30
Reversal of provision for impairment of receivables	127	121
Reversal of write down in inventories	382	313
Investment gain from disposal of derivative financial instruments (i)	597	-
Gain on disposal of investment in subsidiaries	3	865
Gain from ineffective portion of cash flow hedges (i)	121	939
<u>Charged</u>		
Amortisation of intangible and other assets	6,290	3,823
Depreciation and impairment losses:		
Property, plant and equipment	225,915	222,767
Right-of-use assets	15,920	16,619
Auditors' remuneration (ii)	41	30
Cost of inventories recognised as expense	2,215,299	2,229,378
Provision for impairment of receivables	1,211	864
Loss on disposal and scrap of property, plant and equipment (i)	9,181	9,961
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	2,183	2,559
Research and development expenses	23,552	23,014
Write down in inventories	2,971	2,680
Investment loss from disposal of derivative financial instruments (i)	-	9,764
Impairment of other non-current assets	4,429	42

(i) Other income/(expenses), net primarily includes gain from ineffective portion of cash flow hedges, loss on disposal and scrap of property, plant and equipment, investment gain/loss from disposal of derivative financial instruments, government grants, and refund of import value-added tax relating to the import of natural gas.

(ii) The auditors' remuneration above represents the annual audit fees paid by the Company. This remuneration does not include fees paid by subsidiaries to the Company's current auditor and its network firms which primarily included audit fees of RMB41, non-audit assurance services fees of RMB1, tax service fees of RMB2, and other service fees of RMB3, respectively. (2024: RMB32, RMB1, RMB3 and RMB3)

## 8 EMPLOYEE COMPENSATION COSTS

	2025	2024
	RMB	RMB
Wages, salaries and allowances	121,748	118,248
Social security costs	63,348	61,009
	185,096	179,257

Social security costs mainly represent contributions to plans for staff welfare organised by the PRC municipal and provincial governments and others, including contributions to the retirement benefit plans (Note 34).

## 9 TAXES OTHER THAN INCOME TAXES

	2025	2024
	RMB	RMB
Consumption tax	170,840	177,024
Resource tax	28,324	30,188
Levy for mineral rights concessions	4,154	4,602
City maintenance and construction tax	16,936	17,269
Educational surcharge	12,587	12,795
Crude oil special gain levy	2,360	14,318
Urban and township land use tax	4,083	3,846
Others	6,306	7,219
	<u>245,590</u>	<u>267,261</u>

## 10 INTEREST EXPENSE

	2025	2024
	RMB	RMB
Interest on		
Bank loans	1,476	2,221
Other loans	7,364	8,445
Lease liabilities	4,958	5,165
Accretion expense (Note 33)	4,532	5,470
	<u>18,330</u>	<u>21,301</u>
Less: Amounts capitalised	763	570
	<u>17,567</u>	<u>20,731</u>

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such general borrowing cost was 2.40% per annum for the year ended December 31, 2025 (2024: 2.80% per annum).

## 11 EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of directors and supervisors for the years ended December 31, 2025 and 2024 are as follows:

Name	2025			2024	
	Fee for directors and supervisors	Salaries, allowances and other benefits	Contribution to retirement benefit scheme	Total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Chairman:</b>					
Mr. Dai Houliang	-	-	-	-	-
<b>Vice chairman:</b>					
Mr. Zhou Xinhuai (i)	-	-	-	-	-
Mr. Hou Qijun (ii)	-	-	-	-	-
<b>Executive directors:</b>					
Mr. Ren Lixin	-	827	210	1,037	1,101
Mr. Huang Yongzhang (iii)	-	372	171	543	1,134
Mr. Zhang Daowei	-	824	210	1,034	969
Mr. Song Dayong (i)	-	-	-	-	-
	-	2,023	591	2,614	3,204
<b>Non-executive directors:</b>					
Mr. Duan Liangwei	-	-	-	-	-
Mr. Zhou Song (iv)	-	-	-	-	-
Mr. Xie Jun	-	-	-	-	-
Mr. Jiang, Simon X.	596	-	-	596	569
Mr. Ho Kevin King Lun	554	-	-	554	559
Mr. Yan, Andrew Y (v)	340	-	-	340	-
Ms. Liu Xiaolei (v)	397	-	-	397	-
Mr. Zhang Yuxin (vi)	38	-	-	38	-
Mr. Cai Jinyong (vii)	-	-	-	-	721
Ms. Hung Lo Shan Lusan (vii)	-	-	-	-	753
Mr. Zhang Laibin (viii)	-	-	-	-	-
	1,925	-	-	1,925	2,602
<b>Supervisors:</b>					
Ms. Zhao Ying	-	-	-	-	-
Mr. Cai Yong (ix)	-	-	-	-	-
Mr. Li Zhanming	-	1,418	165	1,583	1,693
Mr. Jin Yanjiang	-	1,156	108	1,264	1,312
Mr. Fang Qing (x)	-	1,125	121	1,246	573
Mr. Wang Binqun (x)	-	1,229	147	1,376	459
Ms. Liao Guoqin (x)	-	-	-	-	287
Mr. Fu Bin (x)	-	-	-	-	281
Mr. Xie Haibing (xi)	-	-	-	-	-
Mr. Jiang Shangjun (x)	-	-	-	-	-
	-	4,928	541	5,469	4,605
	1,925	6,951	1,132	10,008	10,411

- (i) Mr. Zhou Xinhuai and Mr. Song Dayong were elected as directors from December 18, 2025. Mr. Zhou Xinhuai was elected as vice chairman from December 19, 2025.
- (ii) Mr. Hou Qijun ceased being as non-executive director and vice chairman from June 30, 2025.
- (iii) Mr. Huang Yongzhang ceased being as an executive director and president from September 19, 2025.
- (iv) Mr. Zhou Song was elected as Chairman of Supervisory Committee and supervisor from June 5, 2024; he ceased being as Chairman of the Supervisory Committee and supervisor from October 31, 2025; and he was elected as non-executive director from December 18, 2025.
- (v) Mr. Yan, Andrew Y and Ms. Liu Xiaolei were elected as non-executive directors from November 14, 2024.
- (vi) Mr. Zhang Yuxin was elected as non-executive director from June 5, 2025.
- (vii) Mr. Cai Jinyong and Ms. Hung Lo Shan Lusan ceased being as non-executive directors from September 30, 2024.
- (viii) Mr. Zhang Laibin ceased being as non-executive director from March 30, 2025.
- (ix) Mr. Cai Yong ceased being as the supervisor from April 3, 2025.
- (x) Ms. Liao Guoqin and Mr. Fu Bin ceased being as supervisors, Mr. Fang Qing and Mr. Wang Binquan were elected as supervisors from April 19, 2024; Mr. Jiang Shangjun ceased being as supervisor from January 10, 2025.
- (xi) Mr. Xie Haibing ceased being as the supervisor from October 25, 2024.
- (xii) The emoluments above are all pre-tax amounts paid by calendar year, includes salaries and benefits such as basic pension insurance, basic medical insurance, housing provident fund, etc.

Except for Mr. Zhang Laibin, no director or supervisor waived their remuneration in 2025 (2024: None).

The five highest paid individuals in the Company for the year ended December 31, 2025 are the five senior management whose allowances and other benefits were RMB1.549, RMB1.541, RMB1.541, RMB1.541 and RMB1.541, respectively, and whose contribution to retirement benefit scheme were RMB0.211, RMB0.211, RMB0.211, RMB0.211 and RMB0.211, respectively.

The five highest paid individuals in the Company for the year ended December 31, 2024 are the four senior management and one supervisor whose allowances and other benefits were RMB1.490, RMB1.528, RMB1.481, RMB1.475 and RMB1.447, respectively, and whose contribution to retirement benefit scheme were RMB0.205, RMB0.164, RMB0.205, RMB0.205 and RMB0.205, respectively.

During the years ended December 31, 2025 and 2024, the Company did not incur any severance payment to any director for loss of office or any payment as inducement to any director to join the Company.

**12 INCOME TAX EXPENSE**

	<b>2025</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
Current taxes	55,970	63,730
Deferred taxes (Note 32)	(1,826)	(5,977)
	<u>54,144</u>	<u>57,753</u>

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. In accordance with the Circular jointly issued by the Ministry of Finance ("MOF"), the General Administration of Customs of the PRC and the State Administration of Taxation ("SAT") on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No.58) on July 27, 2011, and the Notice jointly issued by the MOF, the SAT, the NDRC on Continuing the Income Tax Policy for Western Development (Notice No.23 of 2020 of the MOF, the SAT, the NDRC) on April 23, 2020, the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2030. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	<b>2025</b>	<b>2024</b>
	<b>RMB</b>	<b>RMB</b>
Profit before income tax expense	226,165	241,508
Tax calculated at a tax rate of 25%	56,541	60,377
Tax return true-up	(1,746)	3,392
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	4,229	4,118
Effect of preferential tax rate	(8,747)	(10,053)
Tax effect of income not subject to tax	(7,652)	(8,093)
Tax effect of expenses not deductible for tax purposes	8,137	8,184
Tax effect of temporary differences and losses not recognised as deferred tax assets	3,382	(172)
Income tax expense	<u>54,144</u>	<u>57,753</u>

In 2021, the Organisation for Economic Co-operation and Development (“OECD”) published the Global Anti-Base Erosion (“GloBE”) Model Rules (“Pillar Two model rules”) for a new global minimum tax reform applicable to large multinational enterprises. The Group is within the scope of the Pillar Two model rules published by OECD. Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. Pillar Two legislation for the subsidiaries of the Group, which are incorporated in certain jurisdictions, was enacted and came into effect from January 1, 2024. Based on the Group’s assessment for applying of the legislation, the potential exposure to the Group’s operating results and financial position for the year ended December 31, 2025 was not material.

### 13 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company in the consolidated financial statements of the Group is RMB157,318 for the year ended December 31, 2025 (2024: RMB164,684).

### 14 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the years ended December 31, 2025 and 2024 have been computed by dividing profit for the year attributable to owners of the Company by 183,021 million shares issued and outstanding for the year.

There are no potentially dilutive ordinary shares.

### 15 DIVIDENDS

	2025	2024
	RMB	RMB
Interim dividends attributable to owners of the Company for 2025 (a)	40,265	-
Proposed final dividends attributable to owners of the Company for 2025 (b)	45,755	-
Interim dividends attributable to owners of the Company for 2024 (c)	-	40,265
Final dividends attributable to owners of the Company for 2024 (d)	-	45,755
	86,020	86,020

(a) Interim dividends attributable to owners of the Company in respect of 2025 of RMB0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB40,265, were paid on September 17, 2025 (A shares) and October 23, 2025 (H shares).

(b) At the 17th meeting of the 9th session of the Board, the Board of Directors proposed final dividends attributable to owners of the Company in respect of 2025 of RMB0.25 yuan (inclusive of applicable tax) per share amounting to a total of RMB45,755. These consolidated financial statements do not reflect this dividend payable as the final dividends were proposed after the reporting period and will be accounted for in equity as an appropriation of retained earnings during the year ending December 31, 2026 when approved at the forthcoming 2025 Annual General Meeting.

(c) Interim dividends attributable to owners of the Company in respect of 2024 of RMB0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB40,265, were paid on September 19, 2024 (A shares) and October 28, 2024 (H shares).

(d) Final dividends attributable to owners of the Company in respect of 2024 of RMB0.25 yuan (inclusive of applicable tax) per share amounting to a total of RMB45,755 were approved at the 2024 Annual General Meeting held on June 5, 2025 and were paid on June 25, 2025 (A shares) and July 24, 2025 (H shares).

## 16 PROPERTY, PLANT AND EQUIPMENT

Year Ended December 31, 2025	Buildings RMB	Oil and Gas Properties RMB	Equipment and Machinery RMB	Motor Vehicles RMB	Others RMB	Construction in Progress RMB	Total RMB
<b>Cost</b>							
At the beginning of the year	294,151	2,983,151	943,043	19,975	51,056	225,515	4,516,891
Additions	1,915	31,975	15,233	150	1,835	262,603	313,711
Transfers	34,040	156,907	59,402	474	3,864	(254,687)	-
Disposals or write offs	(4,635)	(49,574)	(27,143)	(1,595)	(1,742)	(9,424)	(94,113)
Currency translation differences	(247)	(6,345)	(162)	(6)	229	2,606	(3,925)
At the end of the year	325,224	3,116,114	990,373	18,998	55,242	226,613	4,732,564
<b>Accumulated depreciation and impairment</b>							
At the beginning of the year	(156,518)	(2,107,715)	(617,327)	(16,205)	(37,768)	(10,548)	(2,946,081)
Charge for the year and others	(12,966)	(174,086)	(46,889)	(821)	(2,598)	-	(237,360)
Impairment charge	(226)	(8,254)	(839)	(2)	(2)	(775)	(10,098)
Disposals or write offs or transfers	2,609	34,284	24,914	1,473	1,502	1,392	66,174
Currency translation differences	(14)	5,439	46	(1)	(116)	(66)	5,288
At the end of the year	(167,115)	(2,250,332)	(640,095)	(15,556)	(38,982)	(9,997)	(3,122,077)
<b>Net book value</b>							
At the end of the year	158,109	865,782	350,278	3,442	16,260	216,616	1,610,487

Year Ended December 31, 2024	Buildings RMB	Oil and Gas Properties RMB	Equipment and Machinery RMB	Motor Vehicles RMB	Others RMB	Construction in Progress RMB	Total RMB
<b>Cost</b>							
At the beginning of the year	284,485	2,840,881	898,249	20,609	49,875	206,122	4,300,221
Additions	6,879	20,975	12,078	85	347	269,782	310,146
Transfers	6,974	184,032	47,985	387	3,159	(242,537)	-
Disposals or write offs	(4,017)	(59,519)	(15,434)	(1,091)	(1,687)	(6,614)	(88,362)
Currency translation differences	(170)	(3,218)	165	(15)	(638)	(1,238)	(5,114)
At the end of the year	294,151	2,983,151	943,043	19,975	51,056	225,515	4,516,891
<b>Accumulated depreciation and impairment</b>							
At the beginning of the year	(143,926)	(1,984,625)	(585,797)	(16,491)	(36,946)	(8,634)	(2,776,419)
Charge for the year and others	(11,424)	(153,137)	(38,071)	(744)	(2,841)	-	(206,217)
Impairment charge	(269)	(7,575)	(1,637)	(2)	(28)	(2,266)	(11,777)
Disposals or write offs or transfers	(1,007)	35,446	8,284	1,017	1,390	133	45,263
Currency translation differences	108	2,176	(106)	15	657	219	3,069
At the end of the year	(156,518)	(2,107,715)	(617,327)	(16,205)	(37,768)	(10,548)	(2,946,081)
<b>Net book value</b>							
At the end of the year	137,633	875,436	325,716	3,770	13,288	214,967	1,570,810

The Group's oil, gas and new energy segment determines whether there are any indicators of impairment for the oil and gas fields or blocks according to the guidelines issued by the Group on the identification of impairment signs of oil and gas assets, and performs the impairment tests on those oil and gas fields or blocks with indications of impairment, and reports the results to the Group's internal professional team (including exploration and finance experts) for further overall assessment and evaluation. The results of the impairment tests will be approved by the Group's management. The Group recorded impairment losses amounting to RMB8,254 related to oil and gas properties under the oil, gas and new energy segment for the year ended December 31, 2025 (2024: RMB7,575) due to decline in oil and gas reserves in certain oil and gas fields or blocks or change in business condition. The carrying amount of those impaired oil and gas properties was written down to their respective recoverable amounts, which were primarily determined using the discounted cash flow model. The Group's forecast of crude oil price is based on the prediction of the crude oil market and referring to the crude oil forecast prices published by a series of institutions; the forecast of future oil and gas production is based on the relevant future production in the oil and gas reserves assessment report evaluated by the oil and gas reserves assessment experts and approved by the management; the discount rates are based on the industry's weighted average cost of capital and adjusted for specific risks for the Group. In 2025, the after-tax discount rates adopted by most oil and gas fields or blocks of the Group ranged from 8.00% to 14.00% per annum (2024: 6.70% to 13.04% per annum).

The following table indicates the changes to the Group's exploratory well costs, which are included in construction in progress, for the years ended December 31, 2025 and 2024.

	2025	2024
	RMB	RMB
At the beginning of the year	27,350	27,939
Additions to capitalised exploratory well costs pending the determination of proved reserves	20,764	29,579
Reclassified to wells, facilities, and equipment based on the determination of proved reserves	(17,677)	(22,418)
Capitalised exploratory well costs charged to expense	(6,818)	(7,750)
At the end of the year	<u>23,619</u>	<u>27,350</u>

The following table provides an aging of capitalised exploratory well costs based on the date the drilling was completed.

	December 31, 2025	December 31, 2024
	RMB	RMB
One year or less	17,758	24,188
Over one year	5,861	3,162
Balance at December 31	<u>23,619</u>	<u>27,350</u>

Capitalised exploratory well costs over one year are principally related to the wells that are under further evaluation of drilling results or pending completion of development planning to ascertain economic viability.

## 17 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The summarised financial information of the Group's principal associates and joint ventures, including the aggregated amounts of assets, liabilities, revenue, profit or loss and the interest held by the Group were as follows:

Name	Country of Incorporation	Registered Capital	Principal Activities	Interest Held	
				Direct %	Indirect %
China Oil & Gas Pipeline Network Corporation ("PipeChina")	PRC	500,000	Pipeline transport, storage service, import of equipment, import and export of techniques, science and technology research, research and application of informatization, technology consulting, technology service, technology transfer, promotion of technology	29.90	-
China Petroleum Finance Co., Ltd. ("CP Finance")	PRC	16,395	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	32.00	-
State Grid Xin Yuan Company Limited ("SGCC Xinyuan") (i)	PRC	29,132	Investing in the construction and operation of pumped storage power station projects, new energy power stations, and renewable energy projects; Engineering consulting, installation and construction related to the above business	-	14.79
China Marine Bunker (PetroChina) Co., Ltd.	PRC	1,000	Oil import and export trade and transportation, sale and storage	-	50.00
Mangistau Investment B.V.	Netherlands	USD 131 million	Engages in investing activities, the principle activities of its main subsidiaries are exploration, development and sale of oil and gas	-	50.00
Trans-Asia Gas Pipeline Co., Ltd.	PRC	5,000	Main contractor, investment holding, investment management, investment consulting, enterprise management advisory, technology development, promotion and technology consulting	-	50.00

(i) On June 20, 2025, with the approval of the 13th meeting of the 9th Board of the Company, PetroChina Taihu (Beijing) Investment Co., Ltd. acquired 14.79% equity of SGCC Xinyuan.

### Interest in Associates

Summarised statement of financial position in respect of the Group's principal associates and reconciliation to carrying amount is as follows:

	PipeChina		CP Finance		SGCC Xinyuan
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025
	RMB	RMB	RMB	RMB	RMB
Percentage of ownership interest (%)	29.90	29.90	32.00	32.00	14.79
Current assets	71,938	70,803	395,048	392,405	20,573
Non-current assets	875,293	857,411	139,248	123,326	237,473
Current liabilities	123,106	111,879	438,130	422,634	12,163
Non-current liabilities	212,969	218,629	5,543	5,998	143,699
Net assets	611,156	597,706	90,623	87,099	102,184
Net assets attributable to owners of the Company	560,497	548,484	90,623	87,099	74,706
Group's share of net assets	167,589	163,997	28,999	27,872	11,052
Goodwill	-	-	349	349	-
Carrying amount of interest in associates	167,589	163,997	29,348	28,221	11,052

Summarised statement of comprehensive income and dividends received by the Group are as follow:

	PipeChina		CP Finance		SGCC Xinyuan
	2025	2024	2025	2024	2025
	RMB	RMB	RMB	RMB	RMB
Revenue	120,363	119,800	13,702	16,729	37,352
Profit for the year	35,063	34,010	5,611	6,040	3,587
Other comprehensive income	-	-	(611)	956	27
Total comprehensive income	35,063	34,010	5,000	6,996	3,614
Total comprehensive income attributable to owners of the Company	31,075	29,817	5,000	6,996	1,911
Group's share of total comprehensive income	9,291	8,915	1,600	2,239	283
Dividends received by the Group	5,628	5,452	473	2,277	-

## Interest in Joint Ventures

Summarised statement of financial position as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies in respect of the Group's principal joint ventures and reconciliation to carrying amount is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	RMB	RMB	RMB	RMB	RMB	RMB
Percentage of ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,775	1,781	9,386	8,911	43,615	45,436
Current assets	8,979	10,575	2,881	2,925	2,319	6,843
Including: cash and cash equivalents	1,931	2,491	1,657	1,686	2,289	6,836
Non-current liabilities	123	147	2,568	2,517	3,782	2,124
Including: Non-current financial liabilities	-	-	14	14	2,100	2,100
Current liabilities	7,965	9,538	1,295	1,225	118	3,911
Including: Current financial liabilities excluding trade and other payables	4,922	5,471	-	-	-	-
Net assets	2,666	2,671	8,404	8,094	42,034	46,244
Net assets attributable to owners of the Company	2,291	2,308	8,404	8,094	42,034	46,244
Group's share of net assets	1,146	1,154	4,202	4,047	21,017	23,122
Carrying amount of interest in joint ventures	1,146	1,154	4,202	4,047	21,017	23,122

Summarised statement of comprehensive income as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies and dividends received by the Group is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	2025	2024	2025	2024	2025	2024
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	58,093	65,524	11,656	13,323	21	18
Depreciation, depletion and amortisation	(159)	(167)	(1,156)	(1,643)	(14)	(14)
Interest income	93	116	49	47	185	181
Interest expense	(309)	(385)	(226)	(270)	(47)	(47)
Income tax expense	(47)	(80)	(792)	(597)	(2,310)	(1,000)
Profit for the year	55	236	820	538	1,152	3,964
Total comprehensive income	41	240	852	(34)	1,390	2,245
Total comprehensive income attributable to owners of the Company	(7)	187	852	(34)	1,390	2,245
Group's share of total comprehensive income	(4)	94	426	(17)	695	1,123
Dividends received by the Group	8	37	271	677	2,800	3,350

Dividends received and receivable from associates and joint ventures were RMB12,392 in 2025 (2024: RMB14,449).

In 2025, investments in associates and joint ventures of RMB1,021 (2024: RMB259) were disposed, resulting in an income of RMB381 (2024: a loss of RMB41) which was included in other income/(expenses), net.

In 2025, the share of profit and other comprehensive income in all individually immaterial associates and joint ventures accounted for using equity method in aggregate was RMB5,219 (2024: RMB5,338) and RMB406 (2024: RMB1,048), respectively.

## 18 SUBSIDIARIES

The principal subsidiaries of the Group are:

Company Name	Country of Incorporation	Registered Capital	Type of Legal Entity	Attributable Equity Interest%	Voting Rights%	Principal Activities
Daqing Oilfield Company Limited	PRC	47,500	Limited liability company	100.00	100.00	Exploration, production and sale of crude oil and natural gas
CNPC Exploration and Development Company Limited (i)	PRC	16,100	Limited liability company	50.00	100.00	Exploration, production and sale of crude oil and natural gas outside the PRC
Guangdong Petrochemical Co., Ltd.	PRC	20,000	Limited liability company	90.00	90.00	Engaged in the production and sale of oil refining, petrochemical and chemical products, finished oil storage
PetroChina Hong Kong Limited	Hong Kong	HKD7,592 million	-	100.00	100.00	Investment holding. The principal activities of its subsidiaries, associates and joint ventures are the exploration, production and sale of crude oil in and outside the PRC as well as natural gas sale and transmission in the PRC
PetroChina International Investment Company Limited	PRC	36,042	Limited liability company	100.00	100.00	Investment holding. The principal activities of its subsidiaries associates and joint ventures are the exploration, development and production of crude oil, natural gas, oil sands and coalbed methane outside the PRC
PetroChina International Company Limited	PRC	18,096	Limited liability company	100.00	100.00	Engaged in trading of crude oil, natural gas and petrochemical products, storage, investment in refining, chemical engineering, storage facilities, service station, and transportation facilities and related business in and outside the PRC
PetroChina Sichuan Petrochemical Company Limited	PRC	10,000	Limited liability company	90.00	90.00	Engaged in the production and sale of oil refining, petrochemical and chemical products, chemical technology development, technology transfer and technical services
Kunlun Energy Company Limited (ii)	Bermuda	HKD160 million	-	54.38	54.38	Investment holding. The principal activities of its principal subsidiaries, associates and joint ventures are the sales of natural gas, sales of liquefied petroleum gas and liquefied natural gas processing, storage and transportation business in the PRC and the exploration and production of crude oil and natural gas in the PRC, the Republic of Kazakhstan, the Sultanate of Oman, the Republic of Peru, the Kingdom of Thailand and the Republic of Azerbaijan
PetroChina Taihu (Beijing) Investment Co., Ltd. ("Taihu Company")	PRC	5,800	Limited liability company	100.00	100.00	Engaged in investing activities, financial consulting, information consulting services

(i) The Company consolidated the financial statements of the entity because it has obtained 100% of the voting rights through a concerted action declaration executed by the other shareholder, and it is exposed to, or has rights to get variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(ii) Kunlun Energy Co., Ltd. is a company listed on The Stock Exchange of Hong Kong Limited.

Summarised statement of financial position in respect of the Group's principal subsidiaries with significant non-controlling interests as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
	RMB	RMB	RMB	RMB	RMB	RMB
Percentage of ownership interest (%)	50.00	50.00	90.00	90.00	90.00	90.00
Current assets	73,866	91,210	15,742	15,662	8,632	9,377
Non-current assets	151,091	133,703	11,388	12,820	56,657	61,605
Current liabilities	15,663	11,840	1,682	2,922	9,645	9,340
Non-current liabilities	8,994	13,432	51	79	25,948	32,428
Net assets	200,300	199,641	25,397	25,481	29,696	29,214

Summarised statement of comprehensive income is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	2025	2024	2025	2024	2025	2024
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	46,958	52,221	54,145	58,750	104,097	112,684
Net profit	9,043	16,871	1,438	929	491	19
Total comprehensive income	6,199	16,484	1,438	929	491	19
Profit attributable to non-controlling interests	5,205	9,123	144	93	49	2
Dividends paid to non-controlling interests	3,290	3,339	154	5	2	21

Summarised statement of cash flows is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	2025	2024	2025	2024	2025	2024
	RMB	RMB	RMB	RMB	RMB	RMB
Net cash inflow from operating activities	8,274	12,929	3,349	3,503	7,547	10,573
Net cash inflow/(outflow) from investing activities	568	724	(1,796)	(3,447)	(1,659)	(3,034)
Net cash outflow from financing activities	(7,497)	(8,902)	(1,553)	(56)	(5,888)	(7,539)
Effect of foreign exchange rate changes on cash and cash equivalents	2,904	1,486	-	-	-	-
Net increase in cash and cash equivalents	4,249	6,237	-	-	-	-
Cash and cash equivalents at the beginning of the year	22,993	16,756	1	1	-	-
Cash and cash equivalents at the end of the year	27,242	22,993	1	1	-	-

## 19 LEASES

The leases where the Group is a lessee.

(a) Right-of-use assets

	December 31, 2024	Addition	Reduction	December 31, 2025
<b>Cost</b>				
Land	211,916	16,500	(2,751)	225,665
Buildings	57,212	6,452	(6,102)	57,562
Equipment and Machinery	7,823	1,844	(2,134)	7,533
Others	866	258	(225)	899
<b>Total</b>	<b>277,817</b>	<b>25,054</b>	<b>(11,212)</b>	<b>291,659</b>
<b>Accumulated depreciation</b>				
Land	(56,071)	(7,713)	872	(62,912)
Buildings	(24,994)	(6,338)	3,982	(27,350)
Equipment and Machinery	(4,147)	(1,827)	1,190	(4,784)
Others	(591)	(127)	225	(493)
<b>Total</b>	<b>(85,803)</b>	<b>(16,005)</b>	<b>6,269</b>	<b>(95,539)</b>
<b>Net book value</b>				
Land	155,845			162,753
Buildings	32,218			30,212
Equipment and Machinery	3,676			2,749
Others	275			406
<b>Total</b>	<b>192,014</b>			<b>196,120</b>

	December 31, 2023	Addition	Reduction	December 31, 2024
<b>Cost</b>				
Land	206,468	7,284	(1,836)	211,916
Buildings	58,262	6,575	(7,625)	57,212
Equipment and Machinery	7,417	3,230	(2,824)	7,823
Others	1,120	261	(515)	866
<b>Total</b>	<b>273,267</b>	<b>17,350</b>	<b>(12,800)</b>	<b>277,817</b>
<b>Accumulated depreciation</b>				
Land	(49,616)	(7,269)	814	(56,071)
Buildings	(22,427)	(6,922)	4,355	(24,994)
Equipment and Machinery	(3,913)	(2,240)	2,006	(4,147)
Others	(704)	(218)	331	(591)
<b>Total</b>	<b>(76,660)</b>	<b>(16,649)</b>	<b>7,506</b>	<b>(85,803)</b>
<b>Net book value</b>				
Land	156,852			155,845
Buildings	35,835			32,218
Equipment and Machinery	3,504			3,676
Others	416			275
<b>Total</b>	<b>196,607</b>			<b>192,014</b>

The Group's right-of-use assets mainly include leased land, buildings, equipment and machinery. The leases underlying assets classified as buildings are mainly the leased gas filling stations, oil storages and office buildings. The leases underlying assets classified as equipment and machinery are mainly production equipment and other movable equipment.

## (b) Lease liabilities

	December 31, 2025	December 31, 2024
	RMB	RMB
Lease liabilities	125,887	118,619
Less: Lease liabilities due within one year	(9,545)	(8,651)
	<u>116,342</u>	<u>109,968</u>

Depreciation charged to profit or loss provided on right-of-use assets for the year ended December 31, 2025 was RMB15,920 (2024: RMB16,619).

Analysis of the undiscounted cash flow of the lease liabilities is as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Within 1 year	13,532	9,588
Between 1 and 2 years	12,147	11,458
Between 2 and 5 years	29,936	28,363
Over 5 years	126,957	138,564
	<u>182,572</u>	<u>187,973</u>

## 20 INTANGIBLE AND OTHER NON-CURRENT ASSETS

	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortisation and impairment losses	Net	Cost	Accumulated amortisation and impairment losses	Net
	RMB	RMB	RMB	RMB	RMB	RMB
Patents and technical know-how	11,187	(8,018)	3,169	10,235	(7,759)	2,476
Computer software	15,542	(10,792)	4,750	13,677	(10,356)	3,321
Goodwill (i)	8,731	(1,468)	7,263	8,883	(1,447)	7,436
Others	28,017	(13,439)	14,578	28,172	(12,783)	15,389
Intangible assets	<u>63,477</u>	<u>(33,717)</u>	<u>29,760</u>	<u>60,967</u>	<u>(32,345)</u>	<u>28,622</u>
Other non-current assets			58,413			48,068
			<u>88,173</u>			<u>76,690</u>

(i) Goodwill primarily relates to the acquisition of Singapore Petroleum Company and Petrolneos Trading Limited, subsidiaries in the Marketing segment, completed in 2009 and 2011, respectively.

The impairment of goodwill shall be tested in combination with its related asset groups. The recoverable amount of all cash-generating units has been determined based on the higher of fair value less costs to sell and value in use. These calculations use post-tax cash flow projections based on financial budgets prepared by the management. The post-tax discount rates reflect specific risks relating to the cash-generating unit.

For impairment test of the goodwill, the post-tax discount rates ranged from 6.00% to 11.40%(2024: 6.90% to 11.60%) were used by the management, and the impairment loss recognised for the year ended December 31, 2025 was RMB50 (2024: RMB101).

## 21 INVENTORIES

	December 31, 2025	December 31, 2024
	RMB	RMB
Crude oil and other raw materials	52,281	63,516
Work in progress	15,481	16,073
Finished goods	85,304	91,394
Spare parts and consumables	241	189
	<u>153,307</u>	<u>171,172</u>
Less: Write down in inventories	(2,754)	(2,834)
	<u>150,553</u>	<u>168,338</u>

## 22 ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
	RMB	RMB
Accounts receivable	81,253	74,678
Less: Provision for impairment of accounts receivable	(3,324)	(3,068)
	<u>77,929</u>	<u>71,610</u>

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the date of revenue recognition, at December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Within 1 year	74,748	68,565
Between 1 and 2 years	2,760	2,245
Between 2 and 3 years	355	719
Over 3 years	66	81
	<u>77,929</u>	<u>71,610</u>

The Group offers its customers credit terms up to 180 days.

Movements in the provision for impairment of accounts receivable are as follows:

	2025	2024
	RMB	RMB
At the beginning of the year	3,068	2,757
Provision for impairment of accounts receivable	514	575
Reversal of provision for impairment of accounts receivable	(68)	(42)
Receivables written off as uncollectible and others	(190)	(222)
At the end of the year	<u>3,324</u>	<u>3,068</u>

The Group measures loss allowance for accounts receivable at an amount equal to lifetime ECLs. The ECLs were calculated by reference to the historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of ECL rates by the operating segment and geography.

	Gross carrying amount	Impairment provision on individual basis	Impairment provision on provision matrix basis		
			Weighted-average loss rate	Impairment provision	Loss allowance
December 31, 2025	RMB	RMB	%	RMB	RMB
Current (not past due)	76,429	1,061	0.3%	196	1,257
Within 1 year past due	1,797	6	3.9%	70	76
1 to 2 years past due	735	1	14.9%	109	110
2 to 3 years past due	435	-	28.1%	122	122
Over 3 years past due	1,857	1,192	86.4%	567	1,759
Total	81,253	2,260		1,064	3,324

	Gross carrying amount	Impairment provision on individual basis	Impairment provision on provision matrix basis		
			Weighted-average loss rate	Impairment provision	Loss allowance
December 31, 2024	RMB	RMB	%	RMB	RMB
Current (not past due)	69,706	856	0.2%	101	957
Within 1 year past due	1,762	31	3.9%	67	98
1 to 2 years past due	590	1	13.8%	81	82
2 to 3 years past due	821	-	22.8%	180	180
Over 3 years past due	1,799	1,126	93.0%	625	1,751
Total	74,678	2,014		1,054	3,068

## 23 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments of the Group are mainly commodity futures, commodity swaps and commodity forwards contracts, as presented in Note 4.3.

## 24 PREPAYMENTS AND OTHER CURRENT ASSETS

	December 31, 2025	December 31, 2024
	RMB	RMB
Other receivables (i)	29,426	35,696
Advances to suppliers	15,369	14,504
	44,795	50,200
Less: Provision for impairment	(4,178)	(3,586)
	40,617	46,614
Value-added tax recoverable	37,248	34,687
Prepaid expenses	290	363
Prepaid income taxes	18,506	16,670
Other current assets (ii)	14,305	15,956
	110,966	114,290

(i) As of December 31, 2025 and December 31, 2024, the Group considers there was no significant increase in credit risk for other receivables by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

(ii) Other current assets consist primarily of receivables from associates, dividends receivables, etc.

## 25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income represent mainly bills of acceptance issued by banks. The Group's business model of financial assets at fair value through other comprehensive income is achieved both by collecting contractual cash flows and selling of these assets. All financial assets at fair value through other comprehensive income are due within one year, and their fair values approximate the face values of the bills.

## 26 CASH AND CASH EQUIVALENTS

The weighted average effective interest rate on bank deposits was 2.05% per annum for the year ended December 31, 2025 (2024: 2.65% per annum).

## 27 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025	December 31, 2024
	RMB	RMB
Trade payable	165,865	160,002
Salaries and welfare payable	7,817	8,095
Dividends payable	464	265
Notes payable	13,658	14,895
Construction fee and equipment cost payable	90,017	112,783
Others (i)	42,219	42,473
	320,040	338,513

(i) Others consist primarily of deposit, earnest money, caution money and insurance payables, etc.

The aging analysis of trade payable at December 31, 2025 and 2024 is as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Within 1 year	158,119	149,886
Between 1 and 2 years	1,096	2,565
Between 2 and 3 years	487	1,297
Over 3 years	6,163	6,254
	<u>165,865</u>	<u>160,002</u>

## 28 CONTRACT LIABILITIES

As of December 31, 2025 and 2024, contract liabilities mainly represented advances from customers related to the sales of refined oil and natural gas. The majority of related obligations were expected to be performed with corresponding revenue recognised within one year. Substantially all of contract liabilities at the beginning of the year have been recognised as revenue for the year ended December 31, 2025.

## 29 BORROWINGS

	December 31, 2025	December 31, 2024
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	34,513	45,955
Current portion of long-term borrowings	29,588	92,828
	<u>64,101</u>	<u>138,783</u>
Long-term borrowings	163,462	98,072
	<u>227,563</u>	<u>236,855</u>

	December 31, 2025	December 31, 2024
	RMB	RMB
Bank loans	49,377	58,452
Corporate debentures	11,293	14,904
Medium-term notes	13,084	15,608
Other loans	153,809	147,891
	<u>227,563</u>	<u>236,855</u>

Borrowings of the Group of RMB3,402 were guaranteed by CNPC and its subsidiaries and non-controlling interests of the subsidiaries of the Group at December 31, 2025 (2024: RMB5,951).

As of December 31, 2025, the Group's RMB pledge borrowings totaling RMB917 (2024: RMB1,906) were mainly pledged by natural gas charging rights.

The Group's borrowings include mortgage loans totaling RMB982 at December 31, 2025 (2024: RMB1,032), which were secured by property, plant and equipment with net book value of RMB1,244 (2024: RMB1,283) and intangible and other non-current assets with net book value of RMB150 (2024: RMB179).

	December 31, 2025	December 31, 2024
	RMB	RMB
Total borrowings:		
- interest free	94	106
- at fixed rates	110,873	108,986
- at floating rates	116,596	127,763
	<u>227,563</u>	<u>236,855</u>
Weighted average effective interest rates:		
- bank loans	2.94%	3.14%
- corporate debentures	3.74%	3.74%
- medium-term notes	2.10%	2.12%
- other loans	3.08%	4.34%

The borrowings by major currency at December 31, 2025 and 2024 are as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
RMB	127,039	135,016
US Dollar	96,944	96,291
Other currency	3,580	5,548
	<u>227,563</u>	<u>236,855</u>

The fair values of the Group's long-term borrowings including the current portion of long-term borrowings are RMB188,659 at December 31, 2025 (2024: RMB187,416). The carrying amounts of short-term borrowings approximate their fair values. The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the dates of the consolidated statement of financial position. Such discount rates ranged from 1.58% to 4.84% per annum as of December 31, 2025 (2024: 1.56% to 4.78%) depending on the type of the borrowings.

The following table sets out the borrowings' remaining contractual maturities at the date of the consolidated statement of financial position, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	December 31, 2025	December 31, 2024
	RMB	RMB
Within 1 year	67,436	143,250
Between 1 and 2 years	15,602	30,656
Between 2 and 5 years	39,947	42,314
After 5 years	124,204	46,005
	<u>247,189</u>	<u>262,225</u>

Reconciliation of movements of borrowings to cash flows arising from financing activities:

	2025	2024
	RMB	RMB
At the beginning of the year	236,855	291,978
Changes from financing cash flows:		
Increase in borrowings	610,158	625,936
Repayments of borrowings	(616,837)	(682,824)
Total changes from financing cash flows	(6,679)	(56,888)
Exchange adjustments	(2,011)	(855)
Interest payable	(602)	2,620
At the end of the year	227,563	236,855

### 30 SHARE CAPITAL

	December 31, 2025	December 31, 2024
	RMB	RMB
Registered, issued and fully paid:		
A shares	161,922	161,922
H shares	21,099	21,099
	183,021	183,021

In accordance with the Restructuring Agreement between CNPC and the Company effective as of November 5, 1999, the Company issued 160 billion state-owned shares in exchange for the assets and liabilities transferred to the Company by CNPC. The 160 billion state-owned shares were the initial registered capital of the Company with a par value of RMB1.00 yuan per share.

On April 7, 2000, the Company issued 17,582,418,000 shares, represented by 13,447,897,000 H shares and 41,345,210 ADSs (each representing 100 H shares) in a global initial public offering ("Global Offering") and the trading of the H shares and the ADSs on The Stock Exchange of Hong Kong Limited and the New York Stock Exchange commenced on April 7, 2000 and April 6, 2000, respectively. Pursuant to the approval of the China Securities Regulatory Commission, 1,758,242,000 state-owned shares of the Company owned by CNPC were converted into H shares for sale in the Global Offering. The H shares and ADSs were issued at prices of HKD1.28 per H share and USD16.44 per ADS respectively for which the net proceeds to the Company were approximately RMB20,000. The shares issued pursuant to the Global Offering rank equally with existing shares.

On September 1, 2005, the Company issued an additional 3,196,801,818 new H shares at HKD 6.00 per share and net proceeds to the Company amounted to approximately RMB19,692. CNPC also sold 319,680,182 state-owned shares it held concurrently with PetroChina's sale of new H shares in September 2005.

On October 31, 2007, the Company issued 4,000,000,000 new A shares at RMB16.70 yuan per share and net proceeds to the Company amounted to approximately RMB66,243 and the listing and trading of the A shares on the Shanghai Stock Exchange commenced on November 5, 2007.

Following the issuance of the A shares, all the existing state-owned shares issued before November 5, 2007 held by CNPC have been registered with the China Securities Depository and Clearing Corporation Limited as A shares.

Shareholders' rights are governed by the Company Law of the PRC that requires an increase in registered capital to be approved by the shareholders in shareholders' general meetings and the relevant PRC regulatory authorities.

The Company's ADSs were delisted from the NYSE in September 2022.

### 31 RESERVES AND RETAINED EARNINGS

#### (a) Reserves

	The Group		The Company	
	2025	2024	2025	2024
	RMB	RMB	RMB	RMB
<b>Capital Reserve</b>				
Beginning balance	133,308	133,308	130,681	130,681
Ending balance	133,308	133,308	130,681	130,681
<b>Statutory Common Reserve Fund (i)</b>				
Beginning balance	252,305	237,802	241,213	226,710
Transfer from retained earnings	14,223	14,503	14,223	14,503
Ending balance	266,528	252,305	255,436	241,213
<b>Special Reserve-Safety Fund Reserve</b>				
Beginning balance	6,747	6,885	3,648	3,945
Safety fund reserve	282	(138)	353	(297)
Ending balance	7,029	6,747	4,001	3,648
<b>Currency Translation Differences (ii)</b>				
Beginning balance	(33,541)	(29,522)	-	-
Currency translation differences	(357)	(4,019)	-	-
Ending balance	(33,898)	(33,541)	-	-
<b>Other Reserves</b>				
Beginning balance	(13,979)	(108)	(10,844)	(10,787)
Transaction with non-controlling interests	-	-	-	-
Fair value changes in equity investments measured at fair value through other comprehensive income	67	(106)	(1)	(2)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	342	212	(200)	304
Cash flow hedges, net of deferred tax	288	(8,111)	(175)	(54)
Merger of subsidiary	877	(5,979)	-	-
Others	(912)	113	(415)	(305)
Ending balance	(13,317)	(13,979)	(11,635)	(10,844)
	359,650	344,840	378,483	364,698

- (j) Pursuant to the China Accounting Standards and the Company's Articles of Association, the Company is required to transfer 10% of its net profit, as determined under the China Accounting Standards, to a Statutory Common Reserve Fund ("Reserve Fund"). Appropriation to the Reserve Fund may cease when the fund aggregates to 50% of the Company's registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders.

The Reserve Fund shall only be used to make good previous years' losses, to expand the Company's production operations, or to increase the capital of the Company. Upon approval of a resolution of shareholders' in a general meeting, the Company may convert its Reserve Fund into share capital and issue bonus shares to existing shareholders in proportion to their original shareholdings or to increase the nominal value of each share currently held by them, provided that the balance of the Reserve Fund after such issuance is not less than 25% of the Company's registered capital.

- (ii) The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### (b) The Company's retained earnings

	2025	2024
	RMB	RMB
At the beginning of the year	811,431	763,289
Total comprehensive income for the year	142,248	145,034
Transfer to reserves	(14,223)	(14,503)
Dividends	(86,020)	(82,360)
Others	(381)	(29)
At the end of the year	853,055	811,431

According to the relevant China Accounting Standards, the distributable reserve is the lower of the retained earnings computed under China Accounting Standards and IFRS Accounting Standards. As of December 31, 2025, the Company's distributable reserve amounted to RMB843,880 (2024: RMB802,290).

## 32 DEFERRED TAXATION

The movements in the deferred taxation account are as follows:

	2025	2024
	RMB	RMB
At the beginning of the year	1,093	(5,003)
Transfer to profit and loss (Note 12)	1,826	5,977
Credit to other comprehensive income	512	119
At the end of the year	3,431	1,093

Deferred tax balances before offset are attributable to the following items:

	December 31, 2025	December 31, 2024
	RMB	RMB
Deferred tax assets:		
Receivables and inventories	10,291	11,827
Tax losses	2,431	2,825
Impairment, depreciation and depletion of long-term assets	10,236	5,632
Lease liabilities	30,143	28,426
Provisions-Asset retirement obligations	42,126	40,117
Others	6,823	7,054
Total deferred tax assets	102,050	95,881
Deferred tax liabilities:		
Accelerated tax depreciation	23,099	25,089
Right-of-use assets	27,837	26,093
Oil and Gas Properties retirement obligations	11,256	9,660
Others	36,427	33,946
Total deferred tax liabilities	98,619	94,788
Net deferred tax assets	3,431	1,093

Deferred tax balances after offset are listed as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Deferred tax assets	30,056	26,765
Deferred tax liabilities	26,625	25,672

At December 31, 2025, certain subsidiaries of the Group did not recognise deferred tax asset of deductible tax losses carried forward of RMB107,406, of which RMB2,055 was incurred for the year ended December 31, 2025, because it was not probable that the related tax benefit will be realised. These deductible tax losses carried forward of RMB294, RMB62, RMB93, RMB2,090 and RMB104,867 will expire in 2026, 2027, 2028, 2029, and 2030 and thereafter, respectively.

### 33 ASSET RETIREMENT OBLIGATIONS

	2025	2024
	RMB	RMB
At the beginning of the year	162,019	144,299
Net liabilities incurred, including reassessment	12,285	17,832
Liabilities settled	(5,339)	(5,660)
Accretion expense (Note 10)	4,532	5,470
Currency translation differences	6	78
At the end of the year	173,503	162,019

Asset retirement obligations relate to oil and gas properties (Note 16).

### 34 PENSIONS

The Group participates in various employee retirement benefit plans (Note 3.1(f)). Expenses incurred by the Group in connection with the retirement benefit plans for the year ended December 31, 2025 amounted to RMB24,541 (2024: RMB23,709).

For the years ended December 31, 2025 and 2024, the Group had no forfeited in the defined contribution plans available for the Group used to reduce the existing contribution level.

### 35 CONTINGENT LIABILITIES

#### (a) Bank and other guarantees

At December 31, 2025 and 2024, the Group did not guarantee related parties or third parties any significant borrowings or others.

#### (b) Environmental liabilities

The PRC has enacted comprehensive environmental laws and regulations that affect the operation of the oil and gas industry. Management believes that there are no probable liabilities under existing legislation, except for the amounts which have already been reflected in the consolidated financial statements, which may have a material adverse effect on the financial position of the Group.

As of December 31, 2025, the amounts of asset retirement obligations which have already been reflected in the consolidated financial statements relating to environmental liability were RMB173,503 (2024: RMB162,019) (Note 33).

### (c) Legal contingencies

During the reporting period, the Group has complied with domestic and overseas laws and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

### (d) Group insurance

The Group has insurance coverage for certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

## 36 COMMITMENTS

### (a) Capital commitments

At December 31, 2025, the Group's capital commitments contracted but not provided for, mainly relating to property, plant and equipment, were RMB51,701 (2024: RMB20,878). These capital commitments are transactions mainly with CNPC and its subsidiaries.

### (b) Exploration and production licenses

The Group is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. Payments incurred were RMB360 for the year ended December 31, 2025 (2024: RMB451).

According to the current policy, estimated annual payments for the next five years are as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Within one year	500	500
Between one and two years	500	500
Between two and three years	500	500
Between three and four years	500	500
Between four and five years	500	500

### 37 MAJOR CUSTOMERS

The Group's major customers are as follows:

	2025		2024	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	RMB	%	RMB	%
China Petrochemical Corporation and its subsidiaries	105,960	4	148,634	5
CNPC and its subsidiaries	43,529	2	47,026	2
	149,489	6	195,660	7

### 38 RELATED PARTY TRANSACTIONS

CNPC, the immediate parent of the Company, is a limited liability company incorporated in PRC and directly controlled by the PRC government. Equity interest and voting rights of CNPC in the Company in 2025 was 82.36% (2024: 82.62%).

#### (a) Transactions with CNPC and its subsidiaries, associates and joint ventures

The Group has extensive transactions with other companies in CNPC and its subsidiaries, associates and joint ventures. Due to the relationships, it is possible that the terms of the transactions between the Group and other members of CNPC and its subsidiaries, associates and joint ventures are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with CNPC and its subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business, are as follows:

The Company and CNPC entered into a new Comprehensive Products and Services Agreement on August 30, 2023 for a period of three years effective from January 1, 2024. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by CNPC and its subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, then the actual cost incurred or the agreed contractual prices are used. In addition, the Company and CP Finance entered into a Financial Services Agreement on August 30, 2023, which stipulated the financial services provided by CP Finance to the Group. The Financial Services Agreement is valid for 3 years and took effect on January 1, 2024.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed for a period of 50 years from 2000, the Company and CNPC entered into a supplemental agreement to the Land Use Rights Leasing Contract which took effect on January 1, 2012. The expiry date of the supplemental agreement is the same as the Land Use Rights Leasing Contract, which is in 2050. The Company and CNPC may adjust area and rental payable for the leased land parcels every three years taking into consideration of production and operations of the Company and the prevailing market price. On August 30, 2023, the Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract, which adjusted the rental payable and the area for the leased land parcels which took effect on January 1, 2024. The Company agreed to rent from CNPC and its subsidiaries parcels of land with an aggregate area of approximately 1,134 million square meters with annual rental payable (exclusive of tax and charges) approximately RMB5,724 based on the area of leased land parcels and the current market conditions. Apart from the annual rental payable and area for the leased parcels, the other terms in the Land Use Rights Leasing Contract and supplemental agreement remained unchanged.

On August 24, 2017, the Company entered into a Buildings Leasing Contract with CNPC, which took effect on January 1, 2018 for a period of 20 years. Both parties can make appropriate adjustments to the area of the leased building and rent about every three years, taking into consideration of production and operations of the Company and the prevailing market price, but the adjusted rent shall not exceed the comparable fair price in the market. On August 30, 2023, the Company and CNPC issued a confirmation letter to the Buildings Leasing Contract, which adjusted the annual rental payable and the area for the leased which took effect on January 1, 2024. Buildings covering an aggregate area of 1,613.1 thousand square meters were leased at annual rental payable approximately RMB893 in accordance with the confirmed rental area and the current property market conditions. Apart from the annual rental payable and area of the leased building, the other terms in the Building Leasing Contract remained unchanged.

Transactions with CNPC and its subsidiaries, associates and joint ventures are summarised as follows:

- Sales of goods represent the sale of crude oil, refined products, chemical products and natural gas, etc. The total amount of these transactions amounted to RMB155,056 for the year ended December 31, 2025 (2024: RMB157,295).
- Sales of services principally represent the provision of services in connection with the transportation of crude oil and natural gas, etc. The total amount of these transactions amounted to RMB11,837 for the year ended December 31, 2025 (2024: RMB12,984).
- Purchases of goods and services principally represent construction and technical services, production services, social services, ancillary services and material supply services, etc. The total amount of these transactions amounted to RMB500,194 for the year ended December 31, 2025 (2024: RMB486,718).
- Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB1,547 for the year ended December 31, 2025 (2024: RMB1,584).
- Interest income represents interests from deposits placed with CNPC and its subsidiaries. The total interest income amounted to RMB1,747 for the year ended December 31, 2025 (2024: RMB1,944). The balance of deposits at December 31, 2025 was RMB70,418 (2024: RMB71,358).
- Interest expense and other financial service expense, principally represents interest charged on the loans from CNPC and its subsidiaries, insurance fee charged on the insurance services from CNPC and its subsidiaries, etc. The total amount of these transactions amounted to RMB4,178 for the year ended December 31, 2025 (2024: RMB3,828).
- The borrowings from CNPC and its subsidiaries at December 31, 2025 were RMB154,901 (2024: RMB148,878).
- Rents and other payments paid to CNPC and its subsidiaries including (1) the rental expense paid by the Group according to Land Use Rights Leasing Contract and Buildings Leasing Contract between the Group and CNPC; (2) the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the leasing agreements entered into by the Group and CNPC and its subsidiaries. The total rents and other payments amounted to RMB7,555 for the year ended December 31, 2025 (2024: RMB6,148).

Amounts due from and to CNPC and its subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	December 31, 2025	December 31, 2024
	RMB	RMB
Accounts receivable	6,264	4,167
Prepayments and other current assets	19,995	23,690
Intangible and other non-current assets	26,301	19,949
Accounts payable and accrued liabilities	55,855	57,061
Contract liabilities	2,206	2,419
Lease liabilities	103,414	94,398

(b) Key management compensation

	2025	2024
	RMB'000	RMB'000
Emoluments and other benefits	21,132	19,872
Contribution to retirement benefit scheme	2,816	2,782
	23,948	22,654

(c) Transactions with other state-controlled entities in the PRC

Apart from the transactions with CNPC and its subsidiaries, associates and joint ventures, the Group's transactions with other state-controlled entities include but are not limited to the following:

- Sales and purchases of goods and services;
- Purchases of assets;
- Lease of assets; and
- Bank deposits and borrowings

These transactions are conducted in the ordinary course of the Group's business.

### 39 SEGMENT INFORMATION

The Group is principally engaged in a broad range of petroleum and natural gas related products, services and activities. The Group's operating segments comprise: Oil, Gas and New energy, Refining, Chemicals and New materials, Marketing, Natural Gas Sales and Head Office and Other. On the basis of these operating segments, the management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market price. Additionally, the Group presents geographical information based on entities located in regions with a similar risk profile.

The Oil, Gas and New energy segment is engaged in the exploration, development, production, transportation and marketing of crude oil and natural gas and new energy business.

The Refining, Chemicals and New materials segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products, other chemical products and new materials business.

The Marketing segment is engaged in the marketing of refined products and non-oil products, and the trading business.

The Natural Gas Sales segment is engaged in the transportation and sale of natural gas business.

The Head Office and Other segment relates to cash management and financing activities, the corporate center, research and development, and other business services supporting the other operating business segments of the Group.

The accounting policies of the operating segments are the same as those described in Note 3 - "Summary of Principal Accounting Policies".

The segment information for the operating segments for the years ended December 31, 2025 and 2024 are as follows:

Year Ended December 31, 2025	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	824,808	1,078,047	2,352,746	619,503	7,168	4,882,272
Less: Intersegment sales	(689,779)	(751,618)	(530,523)	(40,646)	(5,237)	(2,017,803)
Revenue from external customers	<u>135,029</u>	<u>326,429</u>	<u>1,822,223</u>	<u>578,857</u>	<u>1,931</u>	<u>2,864,469</u>
Depreciation, depletion and amortisation	(194,958)	(28,382)	(17,759)	(5,450)	(1,576)	(248,125)
Including: Impairment losses of property, plant and equipment	(8,720)	(636)	(32)	(710)	-	(10,098)
Profit/(loss) from operations	136,065	24,247	17,547	60,802	(19,420)	219,241
Finance costs:						
Exchange gain						6,881
Exchange loss						(7,681)
Interest income						7,760
Interest expense						(17,567)
Total net finance costs						<u>(10,607)</u>
Share of profit of associates and joint ventures	3,502	107	1,584	10,378	1,960	<u>17,531</u>
Profit before income tax expense						226,165
Income tax expense						(54,144)
Profit for the year						<u>172,021</u>
Segment assets	1,676,621	512,767	591,358	238,191	1,609,800	4,628,737
Other assets						42,911
Investments in associates and joint ventures	60,751	3,209	18,485	182,021	38,986	303,452
Elimination of intersegment balances(a)						(2,147,323)
Total assets						<u>2,827,777</u>
Capital expenditures	205,094	47,772	8,216	4,987	3,020	269,089
Segment liabilities	762,520	235,742	328,556	133,474	586,895	2,047,187
Other liabilities						77,548
Elimination of intersegment balances(a)						(1,096,282)
Total liabilities						<u>1,028,453</u>

Year Ended December 31, 2024	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	906,813	1,192,589	2,454,546	592,690	7,483	5,154,121
Less: Intersegment sales	(751,951)	(848,369)	(576,084)	(35,583)	(4,153)	(2,216,140)
Revenue from external customers	154,862	344,220	1,878,462	557,107	3,330	2,937,981
Depreciation, depletion and amortisation	(188,277)	(29,119)	(18,037)	(5,919)	(1,857)	(243,209)
Including: Impairment losses of property, plant and equipment	(9,214)	(1,378)	(225)	(960)	-	(11,777)
Profit/(loss) from operations	159,745	21,386	16,494	54,010	(17,681)	233,954
Finance costs:						
Exchange gain						12,726
Exchange loss						(11,884)
Interest income						8,799
Interest expense						(20,731)
Total net finance costs						(11,090)
Share of profit of associates and joint ventures	5,160	153	1,282	9,873	2,176	18,644
Profit before income tax expense						241,508
Income tax expense						(57,753)
Profit for the year						183,755
Segment assets	1,528,189	491,892	588,405	219,427	1,553,818	4,381,731
Other assets						40,460
Investments in associates and joint ventures	53,499	3,148	18,451	177,769	37,103	289,970
Elimination of intersegment balances(a)						(1,959,410)
Total assets						2,752,751
Capital expenditures	227,633	33,489	7,188	4,300	3,239	275,849
Segment liabilities	629,134	229,918	341,759	136,282	527,737	1,864,830
Other liabilities						85,917
Elimination of intersegment balances(a)						(907,619)
Total liabilities						1,043,128

### Geographical information

	Revenue		Non-current assets (b)	
	2025	2024	December 31, 2025	December 31, 2024
	RMB	RMB	RMB	RMB
China's mainland	1,894,236	1,974,200	2,021,931	1,946,107
Other	970,233	963,781	172,904	181,670
	2,864,469	2,937,981	2,194,835	2,127,777

(a) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(b) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

## 40 THE COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	December 31, 2025 RMB	December 31, 2024 RMB
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,092,645	1,060,968
Investments in associates and joint ventures		285,164	278,318
Equity investments measured at fair value through other comprehensive income		147	173
Subsidiaries		313,682	268,098
Right-of-use assets		108,333	101,138
Intangible and other non-current assets		87,808	87,737
Deferred tax asset		5,420	5,055
Time deposits with maturities over one year		1,668	1,567
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,894,867</b>	<b>1,803,054</b>
<b>CURRENT ASSETS</b>			
Inventories		90,786	97,297
Accounts receivable		5,807	7,219
Derivative financial assets		14	15
Prepayments and other current assets		59,703	64,739
Financial assets at fair value through other comprehensive income		1,742	7,556
Time deposits with maturities over three months but within one year		3,577	60
Cash and cash equivalents		35,673	25,139
<b>TOTAL CURRENT ASSETS</b>		<b>197,302</b>	<b>202,025</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities		267,585	261,125
Contract liabilities		67,816	59,194
Other taxes payable		28,906	34,857
Short-term borrowings		48,090	63,753
Derivative financial liabilities		11	-
Lease liabilities		5,259	4,021
<b>TOTAL CURRENT LIABILITIES</b>		<b>417,667</b>	<b>422,950</b>
<b>NET CURRENT LIABILITIES</b>		<b>220,365</b>	<b>220,925</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,674,502</b>	<b>1,582,129</b>
<b>EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
Share capital		183,021	183,021
Retained earnings	31 (b)	853,055	811,431
Reserves	31 (a)	378,483	364,698
<b>TOTAL EQUITY</b>		<b>1,414,559</b>	<b>1,359,150</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		80,273	56,941
Lease liabilities		47,716	38,622
Asset retirement obligations		127,337	122,300
Other long-term obligations		4,617	5,116
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>259,943</b>	<b>222,979</b>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<b>1,674,502</b>	<b>1,582,129</b>

## 41 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on March 27, 2026.

## 42 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Taihu Company, a wholly-owned subsidiary of the Company made cash contribution together with National Pipe Network Group Energy Storage Technology Co., Ltd., and Panjin State-owned Capital Investment and Operation Group Co., Ltd., to establish three new joint venture companies controlled by Taihu Company. These three new joint venture companies in December 2025 respectively entered into an “Equity Acquisition Agreement” with Sichuan Petroleum Administration Bureau Co., Ltd., Xinjiang Petroleum Administration Bureau Co., Ltd., and Liaohe Petroleum Exploration Bureau Co., Ltd., each of which is a wholly-owned subsidiary of CNPC, to acquire 100% equity interest in each of their wholly-owned subsidiaries, namely Chongqing Xiangguosi Gas Storage Co., Ltd., Xinjiang Oilfield Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd., at a consideration of RMB9,995, RMB17,066 and RMB12,955, respectively. The details are set out in the Company’s announcements published on August 26, 2025 and December 4, 2025 on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively. The transaction mentioned above was completed in January 2026 and constituted an equity transaction.

To fully reflect the Company's oil and gas exploration and production activities, the Company refers to the Accounting Standards Update 2010-03 Extractive Activities – Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures (an update of Accounting Standards Codification Topic 932 Extractive Activities – Oil and Gas or “ASC 932”) issued by the Financial Accounting Standards Board and corresponding disclosure requirements of the U.S. Securities and Exchange Commission, this section provides supplemental information on oil and gas exploration and development; and results of operation related to oil and gas producing activities of the Company and its subsidiaries (“the Group”) and also the Group's investments that are accounted for using the equity method of accounting.

The supplemental information presented below covers the Group's proved oil and gas reserves estimates, historical cost information pertaining to capitalised costs, costs incurred for property acquisitions, exploration and development activities, result of operations for oil and gas producing activities, standardised measure of estimated discounted future net cash flows and changes in estimated discounted future net cash flows.

The “Other” geographic area includes oil and gas producing activities principally in countries such as Canada, Kazakhstan and Chad. As the Group does not have significant reserves held through its investments accounted for using the equity method, information presented in relation to these equity method investments is presented in the aggregate.

### **Proved Oil and Gas Reserve Estimates**

Proved oil and gas reserves cannot be measured exactly. Reserve estimates are based on many factors related to reservoir performance that require evaluation by the engineers interpreting the available data, as well as price and other economic factors. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, and the production performance of the reservoirs as well as engineering judgement. Consequently, reserve estimates are subject to revision as additional data become available during the producing life of a reservoir. When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells. Subsequent data may better define the extent of the reservoir and additional production performance, well tests and engineering studies will likely improve the reliability of the reserve estimate. The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, which have the potential to increase reserves.

Proved oil and gas reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period before the ending date of the period covered by this report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. The costs shall be that prevailing at the end of the period.

Proved developed oil and gas reserves are proved reserves that can be expected to be recovered:

- a. Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well.
- b. Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Proved undeveloped oil and gas reserves are proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

The taxes, fees and royalty in China are domestic tax schemes and are paid in cash to PRC authorities. The proved reserves includes quantities that are ultimately produced and sold to pay these taxes, fees and royalty.

Proved reserve estimates for oil and gas properties located overseas (except Mongolia) as of December 31, 2024 were based on reports prepared by DeGolyer and MacNaughton, McDaniel & Associates, Ryder Scott, GLJ and Tetra Tech RPS independent engineering consultants. Proven reserves estimates as of December 31, 2024 for oil and gas properties located within China and Mongolia are based on the Company's self-assessment, and it has commissioned China Association of Mineral Resources Appraisers to organize external experts to conduct process reviews for the Company's oil, gas and new energy branch as well as six regional companies including Daqing, Jilin, Huabei, Daguang, Qinghai, and Changqing, and issue reports. Proved reserve estimates for oil and gas properties located overseas (except Chad) as of December 31, 2025 were based on reports prepared by DeGolyer and MacNaughton, McDaniel & Associates, Ryder Scott, GLJ, Tetra Tech RPS and APEX independent engineering consultants. Proven reserves estimates as of December 31, 2025 for oil and gas properties located within China and Chad are based on the Company's self-assessment, and it has commissioned China Association of Mineral Resources Appraisers to organize external experts to conduct process reviews for the Company's oil, gas and new energy branch as well as six regional companies including Liaohe, Xinjiang, Tuha, Nanfang, Zhejiang, and CBM, and issue reports.

Estimated quantities of net proved crude oil and condensate and natural gas reserves and of changes in net quantities of proved developed and undeveloped reserves for each of the periods indicated are as follows:

	Crude Oil and Condensate	Natural Gas	Total – All products
	(million barrels)	(billion cubic feet)	(million barrels of oil equivalent)
Proved developed and undeveloped reserves			
The Group			
Reserves at December 31, 2023	6,219	72,794	18,352
Changes resulting from:			
Purchase	-	-	-
Revisions of previous estimates	207	(1,125)	20
Improved recovery	119	142	142
Extensions and discoveries	580	6,136	1,602
Sales	-	-	-
Production	(942)	(5,133)	(1,797)
Reserves at December 31, 2024	6,183	72,814	18,319
Changes resulting from:			
Purchase	-	-	-
Revisions of previous estimates	89	(246)	48
Improved recovery	143	208	178
Extensions and discoveries	582	5,708	1,533
Sales	-	-	-
Production	(948)	(5,363)	(1,842)
Reserves at December 31, 2025	6,049	73,121	18,236
Proved developed reserves at:			
December 31, 2024	4,991	41,588	11,922
December 31, 2025	4,644	41,396	11,544
Proved undeveloped reserves at:			
December 31, 2024	1,192	31,226	6,397
December 31, 2025	1,405	31,725	6,692
Equity method investments			
Share of proved developed and undeveloped reserves of associates and joint ventures			
December 31, 2024	138	574	233
December 31, 2025	111	663	221

At December 31, 2025, total proved developed and undeveloped reserves of the Group and equity method investments is 18,457 million barrels of oil equivalent (2024: 18,552 million barrels of oil equivalent), comprising 6,160 million barrels of crude oil and condensate (2024: 6,321 million barrels) and 73,784 billions of cubic feet of natural gas (2024: 73,388 billions of cubic feet).

At December 31, 2025, 5,242 million barrels (2024: 5,443 million barrels) of crude oil and condensate and 71,891 billion cubic feet (2024: 71,596 billion cubic feet) of natural gas proved developed and undeveloped reserves of the Group are located within China's mainland, and 807 million barrels (2024: 740 million barrels) of crude oil and condensate and 1,230 billion cubic feet (2024: 1,218 billion cubic feet) of natural gas proved developed and undeveloped reserves of the Group are located overseas.

### Capitalised Costs

	December 31, 2025	December 31, 2024
	RMB	RMB
The Group		
Property costs and producing assets	2,560,326	2,438,122
Support facilities	555,788	545,029
Construction-in-progress	111,651	112,476
Total capitalised costs	3,227,765	3,095,627
Accumulated depreciation, depletion and amortisation	(2,250,332)	(2,107,715)
Net capitalised costs	977,433	987,912
Equity method investments		
Share of net capitalised costs of associates and joint ventures	19,699	18,985

### Costs Incurred for Property Acquisitions, Exploration and Development Activities

	2025		
	China's mainland	Other	Total
	RMB	RMB	RMB
The Group			
Property acquisition costs	61	1,253	1,314
Exploration costs	42,965	411	43,376
Development costs	126,743	22,160	148,903
Total	169,769	23,824	193,593
Equity method investments			
Share of costs of property acquisition, exploration and development of associates and joint ventures	-	2,350	2,350

	2024		
	China's mainland	Other	Total
	RMB	RMB	RMB
The Group			
Property acquisition costs	365	518	883
Exploration costs	43,066	442	43,508
Development costs	143,645	22,534	166,179
Total	187,076	23,494	210,570
Equity method investments			
Share of costs of property acquisition, exploration and development of associates and joint ventures	-	1,784	1,784

### Results of Operations for Oil and Gas Producing Activities

The results of operations for oil and gas producing activities for the years ended December 31, 2025 and 2024 are presented below. "Revenue" includes sales to third parties and inter-segment sales (at arm's-length prices), net of value-added taxes. Resource tax, crude oil special gain levy and other taxes are included in "taxes other than income taxes". Income taxes are computed using the applicable statutory tax rate, reflecting tax deductions and tax credits for the respective years ended.

	2025		
	China's mainland	Other	Total
	RMB	RMB	RMB
The Group			
Revenue			
Sales to third parties	60,669	70,479	131,148
Inter-segment sales	497,615	26,386	524,001
	558,284	96,865	655,149
Production costs excluding taxes	(154,629)	(18,937)	(173,566)
Exploration expenses	(18,201)	(407)	(18,608)
Depreciation, depletion and amortisation	(161,001)	(21,339)	(182,340)
Taxes other than income taxes	(42,517)	(4,212)	(46,729)
Accretion expense	(4,281)	(251)	(4,532)
Income taxes	(31,097)	(14,606)	(45,703)
Results of operations from producing activities	146,558	37,113	183,671
Equity method investments			
Share of profit for producing activities of associates and joint ventures	-	3,206	3,206
Total of the Group and equity method investments results of operations for producing activities	146,558	40,319	186,877

	2024		
	China's mainland	Other	Total
	RMB	RMB	RMB
The Group			
Revenue			
Sales to third parties	73,569	77,291	150,860
Inter-segment sales	509,184	35,624	544,808
	582,753	112,915	695,668
Production costs excluding taxes	(151,166)	(18,063)	(169,229)
Exploration expenses	(20,418)	(444)	(20,862)
Depreciation, depletion and amortisation	(136,173)	(24,539)	(160,712)
Taxes other than income taxes	(56,211)	(8,444)	(64,655)
Accretion expense	(5,184)	(286)	(5,470)
Income taxes	(38,961)	(18,445)	(57,406)
Results of operations from producing activities	174,640	42,694	217,334
Equity method investments			
Share of profit for producing activities of associates and joint ventures	-	4,471	4,471
Total of the Group and equity method investments results of operations for producing activities	174,640	47,165	221,805

### Standardised Measure of Discounted Future Net Cash Flows

The standardised measure of discounted future net cash flows related to proved oil and gas reserves at December 31, 2025 and 2024 is based on the prices used in estimating the Group's proved oil and gas reserves, year-end costs, currently enacted tax rates related to existing proved oil and gas reserves and a 10% annual discount factor. "Future cash inflows" are net of value-added taxes. Corporate income taxes are included in "future income tax expense". Other taxes are included in "future production costs" as production taxes.

The standardised measure of discounted future net cash flows related to proved oil and gas reserves at December 31, 2025 and 2024 is as follows:

	RMB
The Group	
At December 31, 2025	
Future cash inflows	5,669,795
Future production costs	(2,130,762)
Future development costs	(778,791)
Future income tax expense	(533,788)
Future net cash flows	2,226,454
Discount at 10% for estimated timing of cash flows	(854,936)
Standardised measure of discounted future net cash flows	1,371,518

	RMB
The Group	
At December 31, 2024	
Future cash inflows	6,074,473
Future production costs	(2,334,275)
Future development costs	(678,627)
Future income tax expense	(592,170)
Future net cash flows	2,469,401
Discount at 10% for estimated timing of cash flows	(951,811)
Standardised measure of discounted future net cash flows	1,517,590

At December 31, 2025, RMB1,317,810 (2024: RMB1,443,195) of standardised measure of discounted future net cash flows related to proved oil and gas reserves located within China's mainland and RMB53,708 (2024: RMB74,395) of standardised measure of discounted future net cash flows related to proved oil and gas reserves located overseas.

Share of standardised measure of discounted future net cash flows of associates and joint ventures:

December 31, 2025	3,647
December 31, 2024	4,875

#### Changes in Standardised Measure of Discounted Future Net Cash Flows

Changes in the standardised measure of discounted net cash flows for the Group for each of the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
	RMB	RMB
The Group		
Beginning of the year	1,517,590	1,574,242
Sales and transfers of oil and gas produced, net of production costs	(412,186)	(437,714)
Net changes in prices and production costs and other	(212,339)	(139,983)
Extensions, discoveries and improved recovery	204,669	218,832
Development costs incurred	81,241	50,764
Revisions of previous quantity estimates	5,738	2,447
Accretion of discount	151,701	160,422
Net change in income taxes	35,104	88,580
Net change due to purchases and sales of minerals in place	-	-
End of the year	1,371,518	1,517,590

## CORPORATE INFORMATION

### Board of Directors

Chairman:	Dai Houliang		
Vice Chairman and Non-executive Director:	Zhou Xinhuai		
Non-executive Directors:	Duan Liangwei	Zhou Song	Xie Jun
Executive Director and President:	Ren Lixin		
Executive Directors and Senior Vice Presidents:	Zhang Daowei	Song Dayong	
Independent Non-executive Directors:	Jiang, Simon X.	Ho Kevin King Lun	Yan, Andrew Y
	Liu Xiaolei	Zhang Yuxin	
Secretary to the Board of Directors/ Company Secretary:	Wang Hua		

### Other Senior Management

Zhu Guowen	Wan Jun	Wang Hua
Li Ruxin	He Jiangchuan	Jiang Tongwen
Yang Weisheng	Shen Fuxiao	

### Authorized Representatives

Ren Lixin	Wang Hua
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### Auditors

#### *Overseas Auditors*

KPMG  
Public Interest Entity Auditor registered  
in accordance with the Accounting and Financial  
Reporting Council Ordinance

#### *Domestic Auditors*

KPMG Huazhen LLP  
8th Floor, KPMG Tower, Oriental Plaza, 1, East  
Chang An Avenue, Dongcheng District, Beijing,  
PRC

## Legal Advisers to the Company

*as to Hong Kong law:*

King & Wood  
13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong, PRC

*as to PRC law:*

King & Wood  
18/F, East Tower, World Financial Center  
No.1 East 3rd Ring Middle Road  
Chaoyang District  
Beijing 100020  
PRC

## Hong Kong Representative Office

Unit 3705  
Tower 2 Lippo Center  
89 Queensway  
Hong Kong, PRC

## Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17th Floor,  
Hopewell Center, 183 Queen's Road East  
Hong Kong, PRC

## Principal Bankers

Industrial and Commercial Bank of China, Head Office 55 Fuxingmennei Avenue Xicheng District Beijing, PRC	Bank of China Head Office 1 Fuxingmennei Avenue Xicheng District Beijing, PRC
China Construction Bank 25 Finance Street Xicheng District Beijing, PRC	Agricultural Bank of China Limited, Head Office 23 Fuxinglunei Avenue Xicheng District Beijing, PRC
Bank of Communications, Beijing Branch Tongtai Mansion, 33 Finance Street Xicheng District Beijing, PRC	CITIC Bank Corporation Limited, Sales Department of Head Office A27 Finance Street Xicheng District Beijing, PRC

## Publications

This annual report will be made available at the following addresses

PRC	PetroChina Company Limited No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC Postal code: 100007 Tel: 86(10) 5998 2622 Fax: 86(10) 6209 9557
Hong Kong, PRC	PetroChina Company Limited Unit 3705 Tower 2 Lippo Center 89 Queensway Hong Kong, PRC Tel: (852) 2899 2010 Fax: (852) 2899 2390

Shareholders may also browse or download this annual report of the Company from the official website of the Company at [www.petrochina.com.cn](http://www.petrochina.com.cn).



### Investment Information for Reference

Please contact our Hong Kong Representative Office for other information about the Company.

## DOCUMENTS AVAILABLE FOR INSPECTION

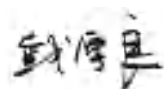
The following documents will be available for inspection at the headquarters of the Company in Beijing upon request by the relevant regulatory authorities and shareholders in accordance with the laws and regulations of the PRC and the Articles of Association:

1. The original of the annual report for 2025 signed by Mr. Dai Houliang, Chairman of the Company.
2. The financial statements under the hand and seal of Mr. Dai Houliang, Chairman of the Company, Mr. Ren Lixin, Director and President of the Company, and Mr. Wang Hua, Chief Financial Officer of the Company.
3. The original of the financial report of the Company under the seal of the auditors and under the hand of Certified Public Accountants.
4. The original copies of the documents and announcement of the Company published in the newspaper stipulated by the China Securities Regulatory Commission during the Reporting Period.
5. The original copies of all Chinese and English announcements of the Company published on the websites of the Hong Kong Stock Exchange and the Company during the period of the annual report.
6. The annual report published in other stock markets.

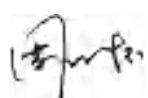
## CONFIRMATION FROM THE DIRECTORS AND SENIOR MANAGEMENT

According to the relevant provisions and requirements of the Securities Law of the People's Republic of China and Measures for Information Disclosure of Listed Companies promulgated by the China Securities Regulatory Commission, as the Board of Directors, Supervisors and senior management of PetroChina Company Limited, we have carefully reviewed the annual report for 2025 and concluded that this annual report truly, objectively and completely represents the business performance of the Company, it contains no false representations, misleading statements or material omissions and its formulation and review comply with laws, regulations and the requirements of the China Securities Regulatory Commission.

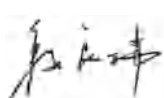
Signatures of the Directors and senior management:



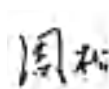
Dai Houliang



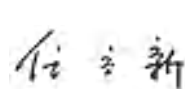
Zhou Xinhuai



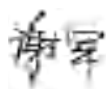
Duan Liangwei



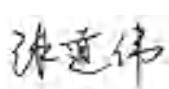
Zhou Song



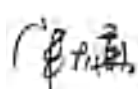
Ren Lixin




Xie Jun



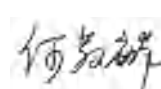
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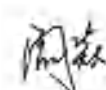
Song Dayong



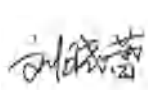
Jiang, Simon X.



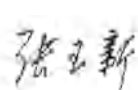
Ho Kevin King Lun



Yan, Andrew Y



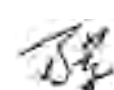
Liu Xiaolei



Zhang Yuxin



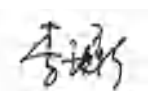
Zhu Guowen



Wan Jun



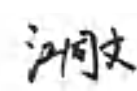
Wang Hua



Li Ruxin



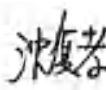
He Jiangchuan



Jiang Tongwen



Yang Weisheng



Shen Fuxiao

March 27, 2026

This annual report is published in English and Chinese.

In the event of any inconsistency between the English and Chinese versions, the Chinese version shall prevail.