PetroChina

PETROCHINA COMPANY LIMITED

2026 INTERIM REPORT

(a joint stock limited company incorporated in the People’s Republic of China with limited liability)

Stock Code: 857

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This interim 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 nature, subject to significant risks 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 for future performance, nor do these statements constitute substantial undertakings to investors by the Group. Actual results may differ from the information contained in the forward-looking statements. Investors are advised to exercise caution when dealing in the securities of the Company.

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IMPORTANT NOTICE

The board of directors (the "Board" or "Board of Directors") and all directors ("Directors") and senior management of PetroChina Company Limited (the "Company") warrant the truthfulness, accuracy and completeness of the information contained in this interim report and that there are no misrepresentation or misleading statements contained in, or material omissions from this interim report, and severally and jointly accept legal responsibility therefor. No substantial shareholder of the Company has utilized any funds from the Company for non-operating purpose. This interim report has been approved at the 2nd meeting of the 10th session of the Audit and Risk Management Committee of the Board of Directors and the 2nd meeting of the 10th session of the Board of Directors. Save for Mr. Duan Liangwei, a non-executive Director, and Ms. Liu Xiaolei, an independent non-executive Director, who were absent due to work arrangement, other members of the Board have attended the 2nd meeting of the 10th session of the Board of Directors. Among which, Mr. Duan Liangwei has authorized Mr. Ren Lixin in writing to attend the meeting by proxy and to exercise his voting rights on his behalf, and Ms. Liu Xiaolei has authorized Mr. Ng Kar Ling Johnny in writing to attend the meeting by proxy and to exercise her voting rights on her behalf. Mr. Dai Houliang, Chairman of the Board, 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 included in this interim report.

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 in this interim report are unaudited.

In consideration of the overall operating results, financial position and cash flows of the Company and to provide returns to the shareholders, the Board has resolved to declare an interim dividend of RMB0.26 (inclusive of applicable tax) per share for 2026 on the basis of a total of 183,020,977,818 shares of the Company as of June 30, 2026. The total amount of the interim dividend payable is approximately RMB47,585 million.

This interim 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 nature, subject to significant risks 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 of the People's Republic of China (the "PRC" or "China") (the "Company Law") on November 5, 1999 as part of the restructuring of China National Petroleum Corporation (its Chinese name having been changed from 中國石油天然氣集團公司 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.

H shares and A shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "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
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Representative on Securities Matters:	—
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Legal Address of the Company:	16 Ande Road Dongcheng District Beijing, PRC
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Postal Code:	100007
Website:	https://www.petrochina.com.cn
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 interim report designated by the China Securities Regulatory Commission:
https://www.sse.com.cn

Copies of this interim 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

SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

1. Key Financial Data Prepared under IFRS Accounting Standards

Unit: RMB millions

Items	For the Reporting Period	For the same period of the preceding year (after retrospective adjustments)[a]	For the same period of the preceding year (before retrospective adjustments)[a]	Changes over the same period of the preceding year (%)
Revenue	1,527,491	1,450,021	1,450,099	5.3
Profit for the period attributable to owners of the Company	103,936	85,185	84,007	22.0
Net cash flows from operating activities	251,281	227,240	227,063	10.6
Basic earnings per share (RMB Yuan)	0.57	0.47	0.46	22.0
Diluted earnings per share (RMB Yuan)	0.57	0.47	0.46	22.0
Return on net assets (%)	6.3	5.4	5.4	0.9 percentage point

Items	As of the end of the Reporting Period	As of the end of the preceding year (after retrospective adjustments)[a]	As of the end of the preceding year (before retrospective adjustments)[a]	Changes from the end of the preceding year to the end of the Reporting Period (%)
Total assets	3,024,034	2,863,218	2,827,777	5.6
Total equity attributable to owners of the Company	1,637,974	1,617,063	1,585,837	1.3

2. Key Financial Data Prepared under CAS

Unit: RMB millions

Items	For the Reporting Period	For the same period of the preceding year (after retrospective adjustments)[a]	For the same period of the preceding year (before retrospective adjustments)[a]	Changes over the same period of the preceding year (%)
Operating income	1,527,491	1,450,021	1,450,099	5.3
Net profit attributable to shareholders of the Company	103,934	85,171	83,993	22.0
Net profit after deducting non-recurring profit/loss items attributable to shareholders of the Company	105,533	85,292	84,116	23.7
Net cash flows from operating activities	251,281	227,240	227,063	10.6
Basic earnings per share (RMB Yuan)	0.57	0.47	0.46	22.0
Diluted earnings per share (RMB Yuan)	0.57	0.47	0.46	22.0
Weighted average return on net assets (%)	6.3	5.4	5.4	0.9 percentage point
Items	**As of the end of the Reporting Period**	**As of the end of the preceding year (after retrospective adjustments)[a]**	**As of the end of the preceding year (before retrospective adjustments)[a]**	**Changes from the end of the preceding year to the end of the Reporting Period (%)**
Total assets	3,024,272	2,863,458	2,828,017	5.6
Equity attributable to shareholders of the Company	1,638,196	1,617,287	1,586,061	1.3

(a) The Group has consolidated the financial statements of Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. (the "Gas Storage") since January 2026. The Group has made retrospective adjustments in relation to relevant financial data of the comparative periods according to the accounting treatment requirement for business combinations involving entities under common control. Relevant financial data of the comparative periods in the following parts of this report refers to the data after retrospective adjustments.

3. Non-recurring Profit/Loss Items

Unit: RMB millions

Items	For the six months ended June 30, 2026
Profit/loss on disposal of non-current assets	(208)
Government grants recognized in the income statement	543
Profit/loss arising from financial assets and financial liabilities not relating to the ordinary course of business	305
Reversal of provision for impairment of receivables	15
Other non-operating income and expenses	(2,697)
Other items of profit/loss conforming to the definition of non-recurring profit/loss items	1
Sub-total	(2,041)
Tax impact	483
Impact of non-controlling interests	(41)
Total	(1,599)

4. Differences between CAS and IFRS Accounting Standards

The consolidated net profit of the Group under IFRS Accounting Standards and CAS was RMB115,113 million and RMB115,111 million, respectively, with a difference of RMB2 million. The consolidated shareholders' equity under IFRS Accounting Standards and CAS was RMB1,848,132 million and RMB1,848,354 million, respectively, with a difference of RMB222 million. These differences under the accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties in 1999.

During the restructuring of the Company 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

During the Reporting Period, there was no matter concerning preference shares and no change in the total number or structure of shares of the Company arising from bonus issues or rights issue or otherwise.

2. Shareholdings of Substantial Shareholders

The total number of shareholders of the Company as of June 30, 2026 was 517,675, including 513,103 holders of A shares and 4,572 registered holders of H shares.

(1) Shareholdings of the top ten shareholders

Unit: Share

Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding (%)	Increase/ 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	150,583,363,267 [(a)]	82.28	+164,609,174	0	0
HKSCC Nominees Limited[(b)]	Overseas legal person	20,937,174,647 [(c)]	11.44	-2,331,543	0	0
China Petrochemical Corporation	State-owned legal person	1,830,210,000	1.00	0	0	0
Guoxin Hongsheng Investment (Beijing) Co., Ltd.	State-owned legal person	1,012,465,294	0.55	+649,146,213	0	0
Hong Kong Securities Clearing Company Limited[(d)]	Overseas legal person	887,947,966	0.49	+298,849,882	0	0
China Mobile Communications Group Co., Ltd.	State-owned legal person	541,202,377	0.30	0	0	0
China Securities Finance Corporation Limited	State-owned legal person	242,064,861	0.13	-778,100,267	0	0
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. – Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund II	Others	217,213,578	0.12	0	0	0
Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. – Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund III No. 2	Others	169,111,243	0.09	0	0	0
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L–CT001 Shanghai	Others	143,233,477	0.08	+24,210,077	0	0

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

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

(c) 399,472,000 H shares were indirectly held by CNPC through Fairy King Investments Ltd., an overseas wholly-owned subsidiary of CNPC, representing 0.22% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.

(d) 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 the Hong Kong Stock Exchange to hold the A shares of the Company listed on the Shanghai Stock Exchange.

(2) Shareholdings of the top ten shareholders of shares without selling restrictions

Unit: Share

Ranking	Name of shareholders	Number of shares held	Type of shares
1	CNPC	150,583,363,267[(a)]	A shares
2	HKSCC Nominees Limited	20,937,174,647	H shares
3	China Petrochemical Corporation	1,830,210,000	A shares
4	Guoxin Hongsheng Investment (Beijing) Co., Ltd.	1,012,465,294	A shares
5	Hong Kong Securities Clearing Company Limited	887,947,966	A shares
6	China Mobile Communications Group Co., Ltd.	541,202,377	A shares
7	China Securities Finance Corporation Limited	242,064,861	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	Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. – Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund III No. 2	169,111,243	A shares
10	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L– CT001 Shanghai	143,233,477	A shares

(a) 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: Based on publicly available information, HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited; the fund manager of both Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund II and Guofeng Xinghua Honghu Zhiyuan Private Securities Investment Fund III No. 2 is Guofeng Xinghua (Beijing) Private Fund Management Co., Ltd. Save as disclosed above, 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, securities lending and refinancing businesses by the above-mentioned shareholders during the Reporting Period: the above-mentioned shareholders did not participate in margin financing, securities lending and refinancing businesses during the Reporting Period.

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

☐ Applicable √Not Applicable.

(4) Disclosure of substantial shareholders under the Securities and Futures Ordinance of Hong Kong

As of June 30, 2026, 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 were 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	150,583,363,267 (L)	Beneficial Owner	93.00	82.28
	H Shares	399,472,000 (L)[a]	Interest of Corporation Controlled by the Substantial Shareholder	1.89	0.22
BlackRock, Inc.[b]	H Shares	1,295,717,401 (L)	Interest of Corporation Controlled by the Substantial Shareholder	6.14	0.71
		11,998,000 (S)		0.06	0.01

(L) Long position *(S) Short position*

(a) 399,472,000 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.

(b) BlackRock, Inc., through various subsidiaries, had an interest in the H shares of the Company, and 1,295,717,401 H shares (long position) and 11,998,000 H shares (short position) were held in the capacity as interest of corporation controlled by the substantial shareholder, including 18,108,000 underlying H shares (long position) and 10,680,000 underlying H shares (short position) through its holding of certain unlisted derivatives (cash settled).

As of June 30, 2026, so far as the Directors are aware, save as disclosed above, no person (other than a Director and 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.

3. Information on Changes of Controlling Shareholder and Ultimate Controller

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

DIRECTORS' REPORT

The Board hereby presents its directors' report for review.

1. Discussion and Analysis of Operations

In the first half of 2026, the world economy maintained low-to-moderate growth, with differentiation among economies as a result of the impact of geopolitical conflicts and technological advancements. The Chinese economy operated within a reasonable range, new quality productive forces grew and strengthened, and high-quality development progressed towards new and better frontiers, showing a 4.7% year-on-year growth rate of the gross domestic product (GDP). The global oil market experienced intensified volatility due to the situation in the Middle East, with the average price being significantly higher than that of the same period of the previous year. The domestic refined oil products market was affected by alternative energies and increased oil prices, with consumption continuing to decline; and the consumption in the domestic natural gas market decreased slightly.

The Group actively responded to the volatility of the international oil and gas market, fully organized and optimized production and operation, strengthened inventory management, and maintained the safe, stable and efficient operation of the industrial chain and supply chain. The Group adhered to reserve-production balance, vigorously strengthened oil and gas exploration and development, and strived to consolidate the resource base, dynamically optimized the processing load and product structure of refining and chemical facilities, and deeply promoted the transformation and upgrading of the refining and chemicals business. The Group vigorously strengthened marketing, and strived to expand the market share of products such as refined oil products and natural gas, actively promoted the rapid development of emerging industries, with the production of new energy and new materials maintaining significant growth, and continuously strengthened cost and expense control, and deeply carried out quality and efficiency enhancement. In the first half of 2026, the operating profitability of the Group increased significantly, all operating segments remained profitable, the financial position was healthy, the safety and environmental protection situation was generally stable, and the environmental, social and governance (ESG) rating further improved.

(1) Market Review

- Crude Oil Market

In the first half of 2026, the situation in the Middle East drove a significant increase in international oil prices, which subsequently fluctuated and declined amid recurring geopolitical rivalry and adjustments of demand expectations. The average futures price of Brent crude oil was US$87.60 per barrel, representing an increase of 23.7% as compared with US$70.81 per barrel in the same period of last year; the average futures price of U.S. West Texas Intermediate crude oil was US$82.77 per barrel, representing an increase of 22.6% as compared with US$67.52 per barrel in the same period of last year.

According to the data from the National Bureau of Statistics and the General Administration of Customs, for the first half of 2026, the domestic crude oil production for industrial enterprises above designated scale was 109.43 million tons, representing an increase of 0.9% as compared with that in the same period of last year; the quantity of imported crude oil was 247.61 million tons, representing a decrease of 11.4% as compared with that in the same period of last year.

- Refined Oil Products Market

In the first half of 2026, the situation in the Middle East caused international oil prices to remain elevated, accelerating the development of alternative energy, and

the consumption of gasoline and diesel in China was suppressed. Domestic aviation kerosene prices rose along with the Asia-Pacific market, and kerosene consumption demand was affected to a certain extent.

According to the data of the National Bureau of Statistics, for the first half of 2026, the processed volume of the domestic crude oil for industrial enterprises above designated scale was 343.87 million tons, representing a decrease of 4.9% as compared with that in the same period of last year. The trend of domestic refined oil products prices was basically consistent with that of oil prices in the international market. The PRC government made adjustments on 11 occasions to the prices of domestic gasoline and diesel products, and the prices of gasoline and diesel standard products increased, in aggregate, by RMB1,540 per ton and RMB1,485 per ton, respectively.

- Chemical Products Market

In the first half of 2026, due to the impact of raw material supply disruptions and rapid increase in costs resulting from geopolitical conflicts, the prices of chemical products increased significantly year-on-year. As price transmission along the industrial chain was hindered, which caused supply and demand to weaken, the prices of chemical products entered a downward trend ahead of international oil prices, and profit differentiation within the industry became evident.

- Natural Gas Market

In the first half of 2026, the supply-demand balance in the global natural gas market tightened, and gas prices in Europe and Asia rose sharply year-on-year. China's economy grew steadily, but the growth of domestic consumption of natural gas was suppressed due to the situation in the Middle East and rising gas prices.

According to the data of the National Bureau of Statistics, the General Administration of Customs and the National Development and Reform Commission, the domestic natural gas production for industrial enterprises above designated scale was 133.0 billion cubic meters for the first half of 2026, representing an increase of 1.6%

as compared with that in the same period of last year. The import volume of natural gas was 57.45 million tons (1 ton is approximately equivalent to 1,380 cubic meters), representing a decrease of 3.4% as compared with that in the same period of last year. The apparent consumption of natural gas was 206.85 billion cubic meters, representing a decrease of 2.4% as compared with that in the same period of last year.

(2) Business Review

- Oil, Gas and New Energy

Domestic Oil and Gas

In the first half of 2026, in respect of the domestic oil and gas business, the Group focused on improving reserve-production balance, adhered to efficient exploration, devoted greater efforts in conventional oil and gas exploration, vigorously tackled unconventional resources, and achieved multiple new discoveries and new progress. The Group strived to open up new areas of shallow high-efficient exploration in the Hetao Basin, expanded new natural gas reserves-growth zones in the Northern Foothills of the Tianshan Mountains, developed new prospects for tight oil exploration in the Songliao Basin, and consolidated the foundation for large-scale increase in conventional natural gas reserves in the Sichuan Basin. The Group increased efforts in the acquisition of high-quality mineral rights, and newly obtained two exploration rights in the Tarim Basin and the Qinshui Basin. The Group focused on profitable development, vigorously improved the recovery rate of mature oil and gas fields, accelerated the construction of shale oil and shale gas projects in Daqing Gulong, Xinjiang Mabei Fengcheng and Western Chongqing in southwest China, and promoted the large-scale production growth of deep coalbed methane in the Daji gas field. In the first half of the year, the domestic crude oil output of the Group amounted to 393.2 million barrels, representing a decrease of 0.5% as compared with 395.2 million barrels in the same period of last year; the marketable natural gas output amounted to 2,664.2 billion cubic feet, representing

an increase of 2.4% as compared with 2,602.6 billion cubic feet in the same period of last year; and the oil and natural gas equivalent output amounted to 837.3 million barrels, representing an increase of 1.0% as compared with 828.9 million barrels in the same period of last year.

Overseas Oil and Gas

In the first half of 2026, in respect of the overseas oil and gas business, the Group closely monitored the changes in geopolitical situations, made timely adjustments to production and operations, and ensured controlled production as well as the safety of personnel and property; focused on productivity construction, with key productivity projects such as the second and third batches of oilfields in the new Block H in Chad being completed and put into production; actively promoted the development of cooperation projects and asset optimization, and strived to enhance the profit-making

capacity of the overseas business. In the first half of the year, the Group's overseas crude oil output amounted to 69.7 million barrels, representing a decrease of 14.2% as compared with 81.2 million barrels in the same period of last year, which was primarily due to the decrease in output from the Middle East projects; the marketable natural gas output was 81.9 billion cubic feet, representing an increase of 1.1% as compared with 81.0 billion cubic feet in the same period of last year; the oil and natural gas equivalent output was 83.3 million barrels, representing a decrease of 12.0% as compared with 94.7 million barrels in the same period of last year, accounting for 9.0% of the total oil and natural gas equivalent output of the Group.

In the first half of 2026, the Group recorded crude oil output of 462.9 million barrels, representing a decrease of 2.8% as compared with 476.4 million barrels in the same period of last year; the marketable natural gas output was 2,746.1 billion cubic feet, representing an increase of 2.3% as compared with 2,683.6 billion cubic feet in the same period of last year. The oil and natural gas equivalent output was 920.6 million barrels, representing a decrease of 0.3% as compared with 923.6 million barrels in the same period of last year. The proportion of natural gas production in oil and natural gas equivalent output further increased, and the structure of oil and gas production was further optimized.

New Energy

In the first half of 2026, the Group's new energy business newly obtained 8.19 million kilowatts of wind power and photovoltaic power capacity. The Tarim upstream-downstream coordinated green electricity direct connection project was approved for construction, and the Jilin Qian'an and the Southwest Panzhihua wind and photovoltaic power projects were connected to the power grid. In the first half of the year, energy output from wind and photovoltaic power plants amounted to 5.07 billion kilowatt-hours, representing an increase of 37.3% as compared with the 3.69 billion kilowatt-hours in the same period of last year, continuing to maintain a rapid growth momentum. The Group strengthened electricity marketing, and China National Petroleum Corporation Electric Energy Co., Ltd., a subsidiary of the Group, completed electricity agency trading volume of 39.06 billion kilowatt-hours, representing an increase of 7.2% as compared with the same period of last year. The Group newly signed geothermal heating contracts covering an area of over 60 million square meters. The Group carried out construction of demonstration zero-carbon factories, and fully promoted the construction of the carbon dioxide capture, utilization and storage–enhanced oil recovery (CCUS-EOR) demonstration zones, injecting 1.373 million tons of carbon dioxide, representing an increase of 14.2% as compared with the same period of last year (excluding huff-and-puff injection volume).

Key Figures for the Oil, Gas and New Energy Segment

	Unit	For the first half of 2026	For the first half of 2025	Changes (%)
Crude oil output[(a)]	Million barrels	462.9	476.4	(2.8)
of which: Domestic	Million barrels	393.2	395.2	(0.5)
Overseas	Million barrels	69.7	81.2	(14.2)
Marketable natural gas output[(a)]	Billion cubic feet	2,746.1	2,683.6	2.3
of which: Domestic	Billion cubic feet	2,664.2	2,602.6	2.4
Overseas	Billion cubic feet	81.9	81.0	1.1
Oil and natural gas equivalent output	Million barrels	920.6	923.6	(0.3)
of which: Domestic	Million barrels	837.3	828.9	1.0
Overseas	Million barrels	83.3	94.7	(12.0)
Energy output from wind and photovoltaic power plants	100 million kilowatt-hours	50.7	36.9	37.3

(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.

- Refining, Chemicals and New Materials

In the first half of 2026, the Group's refining, chemicals and new materials businesses paid close attention to market changes, increased efforts in resource optimization, flexibly adjusted the refining yield of refined oil products and equipment load, and increased production of high value-added products with full efforts. The Group adhered to the direction of high-end, green and smart operations, and accelerated the construction of key transformation and upgrading projects. The interim delivery of Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene and the supporting green and low-carbon demonstration project was completed, making it the first full-chain green and low-carbon ethylene project in China. The construction of Blue Ocean New Material Company's high-end polyolefins project progressed in an orderly manner. The Group continuously accelerated the development of new materials business, with Jilin Petrochemical Company's kiloton-scale high-performance carbon fiber project commencing construction, and the polyolefin elastomer projects of Guangxi Petrochemical Company and Daqing Petrochemical Company being accelerated; the Group actively deployed bio-manufacturing business, with Daqing Refining & Chemical Company's bio-based polyacrylamide project and Huabei Petrochemical Company's bio-aviation kerosene project commencing construction. The Group increased efforts in the marketing of chemical products and specialty refined products, with the sales volume of chemical products maintaining rapid growth, and the market share of products such as bonded marine fuel oil, paraffin, low-sulfur petroleum coke and special asphalt maintaining the leading position in the domestic market. In the first half of 2026, the Group processed 655.3 million barrels of crude oil, representing a decrease of 5.6% from 694.3 million barrels in the same period of last year. The Group produced 54.346 million tons of refined oil products, representing a decrease of 8.8% as compared with 59.572 million tons in the same period of last year, primarily due to declining market demand for refined oil products as a result of rising oil prices and substitution by new energy sources. The Company actively optimized its product structure and continued to advance its strategy of reducing oil output and increasing chemical and specialty product output. The commodity volume of chemical products was 21.318 million tons, representing an increase of 6.7% as compared with 19.971 million tons in the same period of last year, of which the output of ethylene increased by 20.8% as compared with the same period of last year, and the output of paraxylene increased by 1.7% as compared with the same period of last year, both reaching record highs for the same period. The output of synthetic resin, synthetic fiber raw materials and polymers, and synthetic rubber increased by 12.4%, 12.4% and 21.4% as compared with the same period of last year, respectively. The output of new materials was 2.688 million tons, representing an increase of 61.4% as compared with 1.665 million tons in the same period of last year.

Key Figures for the Refining, Chemicals and New Materials Segment

	Unit	For the first half of 2026	For the first half of 2025	Changes (%)
Processed crude oil	Million barrels[a]	655.3	694.3	(5.6)
Gasoline, kerosene and diesel output	'000 tons	54,346	59,572	(8.8)
of which: Gasoline	'000 tons	21,355	23,355	(8.6)
Kerosene	'000 tons	8,431	9,631	(12.5)
Diesel	'000 tons	24,560	26,586	(7.6)
Refining yield	%	95.13	94.53	0.60 percentage point
Ethylene	'000 tons	5,402	4,473	20.8
Synthetic resin	'000 tons	7,801	6,938	12.4
Synthetic fiber raw materials and polymers	'000 tons	750	667	12.4
Synthetic rubber	'000 tons	658	542	21.4
Urea	'000 tons	941	1,296	(27.4)
New materials	'000 tons	2,688	1,665	61.4

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

- Marketing

Domestic Operations

In the first half of 2026, the Group's domestic marketing business actively responded to changing market conditions, continuously strengthened marketing, reinforced precision marketing for segmented markets, and strived to promote the sales of refined oil products, with the domestic market share of refined oil products increasing by 0.2 percentage point as compared with the same period of last year. The Group accelerated the pace of transformation, and continuously and vigorously developed liquefied natural gas ("LNG") terminal refueling, charging and battery swapping, and non-oil businesses, 592 new comprehensive energy stations were added, 208 new LNG refueling stations were put into operation, and 18.5 thousand new charging guns were installed, with vehicle LNG retail volume increasing by 78.7% as compared with the same period of last year, and charging volume increasing by 1.5 times, and the profit of non-oil business maintaining growth.

International Trading Operations

In the first half of 2026, the Group's trade business coordinated global resources to stabilize market supply, dynamically optimized the timing and pace of product trading, ensured the smooth operation of the industrial chain, and promoted the enhancement of the profit-making capacity of the industrial chain.

In the first half of 2026, the Group sold a total of 73.298 million tons of gasoline, kerosene and diesel, representing a decrease of 5.8% as compared with 77.831 million tons in the same period of last year, among which the domestic sales of gasoline, kerosene and diesel was 54.342 million tons, representing a decrease of 7.3% as compared with 58.646 million tons in the same period of last year, primarily due to declining market demand for refined oil products as a result of rising oil prices and substitution by new energy sources.

Key Figures for the Marketing Segment

Production and Operations Data	Unit	For the first half of 2026	For the first half of 2025	Changes (%)
Total sales volume of gasoline, kerosene and diesel	'000 tons	73,298	77,831	(5.8)
of which: Gasoline	'000 tons	28,439	30,872	(7.9)
Kerosene	'000 tons	11,780	11,510	2.3
Diesel	'000 tons	33,079	35,449	(6.7)
Domestic sales volume of gasoline, kerosene and diesel	'000 tons	54,342	58,646	(7.3)
of which: Gasoline	'000 tons	23,254	24,399	(4.7)
Kerosene	'000 tons	5,034	5,370	(6.3)
Diesel	'000 tons	26,054	28,877	(9.8)

Number of gas stations and convenience stores	Unit	As of June 30, 2026	As of December 31, 2025	Changes (%)
Number of gas stations	unit	21,932	22,127	(0.9)
of which: self-operated gas stations	unit	20,387	20,482	(0.5)
Number of convenience stores	unit	19,876	19,814	0.3

• Natural Gas Sales

In the first half of 2026, the Group's natural gas sales business reasonably optimized the structure of domestic and imported natural gas, as well as long-term contract and spot natural gas resources, and strived to control procurement costs. The Group further optimized sales channels and customer structure, with the domestic market share increasing by 1 percentage point as compared with the same period of last year. More than 50% of the incremental sales volume was generated from the high-end market, while sales to power generation and industrial customers continued to grow. The Group continuously improved the construction of terminal sales network, and steadily enhanced service quality and profit-making capacity.

In the first half of 2026, the Group achieved sales of 161.220 billion cubic meters of natural gas (including LNG, same as below), representing an increase of 3.9% as compared with 155.229 billion cubic meters in the same period of last year, of which 124.890 billion cubic meters were sold domestically, representing an increase of 1.1% as compared with 123.502 billion cubic meters in the same period of last year.

2. Review of Operating Results

(1) The financial data set out below is extracted from the Group's interim condensed consolidated financial statements prepared under IFRS Accounting Standards

• Consolidated Operating Results

In the first half of 2026, the Group achieved a revenue of RMB1,527,491 million, representing an increase of 5.3% as compared with RMB1,450,021 million in the same period of last year. Profit for the period attributable to owners of the Company was RMB103,936 million, representing an increase of 22.0% as compared with RMB85,185 million in the same period of last year. Basic earnings per share was RMB0.57.

Revenue The revenue of the Group was RMB1,527,491 million in the first half of 2026, representing an increase of 5.3% as compared with RMB1,450,021 million in the same period of last year. This was primarily due to the combined impact of higher prices and changes in the sales volume of the Group's oil and gas products and chemical products. The table below sets out the external sales volume and average realized price of the major products sold by the Group in the first half of 2026 and 2025 and their respective percentages of change:

	Sales Volume ('000 tons)			Average Realized Price (RMB/ton)		
	For the first half of 2026	For the first half of 2025	Percentage of change (%)	For the first half of 2026	For the first half of 2025	Percentage of change (%)
Crude oil[(a)]	61,694	71,125	(13.3)	4,277	3,690	15.9
Natural gas (100 million cubic meters, RMB/'000 cubic meters)[(b)]	1,612.20	1,552.29	3.9	2,379	2,339	1.7
Gasoline	28,439	30,872	(7.9)	8,230	7,742	6.3
Kerosene	11,780	11,510	2.3	7,328	5,011	46.2
Diesel	33,079	35,449	(6.7)	6,838	6,213	10.1
Polyethylene	4,343	3,791	14.6	7,195	7,132	0.9
Polypropylene	1,952	1,621	20.4	7,434	6,935	7.2
Lubricant	670	1,003	(33.2)	9,612	7,999	20.2

(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 of natural gas is the external sales price of the Group.

Operating Expenses Operating expenses of the Group amounted to RMB1,388,108 million for the first half of 2026, representing an increase of 4.2% as compared with RMB1,331,523 million in the same period of last year, of which:

Purchases, Services and Other Purchases, services and other of the Group amounted to RMB1,024,611 million for the first half of 2026, representing an increase of 4.5% as compared with RMB980,204 million in the same period of last year. This was primarily due to the increase in the Group's procurement costs of crude oil and stock oil as the international oil prices increased.

Employee Compensation Costs Employee compensation costs (including salaries, various types of insurance, housing provident fund, training costs and other relevant additional costs of employees and market-oriented temporary and seasonal contractors) of the Group amounted to RMB85,786 million for the first half of 2026, representing an increase of 3.7% as compared with RMB82,723 million in the same period of last year. This was primarily due to the changes in the salaries of the Group's employees in tandem with profitability.

Exploration Expenses Exploration expenses of the Group amounted to RMB5,848 million for the first half of 2026, representing a decrease of 2.8% as compared with RMB6,016 million in the same period of last year. This was primarily due to the Group's insistence on efficient exploration and optimization of oil and gas exploration deployment.

Depreciation, Depletion and Amortization Depreciation, depletion and amortization of the Group amounted to RMB125,528 million for the first half of 2026, representing an increase of 2.9% as compared with RMB122,040 million in the same period of last year. This was primarily due to the increase in depreciation of right-of-use assets and the impact of new projects being put into production.

Selling, General and Administrative Expenses Selling, general and administrative expenses of the Group amounted to RMB26,780 million for the first half of 2026, representing an increase of 3.0% as compared with RMB26,010 million in the same period of last year. This was primarily due to the increase in research and development expenses.

Taxes other than Income Taxes Taxes other than income taxes of the Group amounted to RMB132,272 million for the first half of 2026, representing an increase of 5.1% as compared with RMB125,840 million in the same period of last year, of which the consumption tax was RMB83,720 million, representing a decrease of 3.5% as compared with RMB86,782 million in the same period of last year, primarily due to the decrease in production and sales volume of refined oil products; the resource tax was RMB14,562 million, basically the same as that of RMB14,580 million in the same period of last year; the crude oil special gain levy was RMB11,085 million, representing an increase of RMB9,087 million as compared with RMB1,998 million in the same period of last year, primarily due to the increase in crude oil prices; the levy for mineral rights concessions was RMB2,174 million, representing a decrease of RMB119 million as compared with RMB2,293 million in the same period of last year.

Other Income, Net Other income, net of the Group amounted to RMB12,717 million for the first half of 2026, representing an increase of 12.4% as compared with RMB11,310 million in the same period of last year. This was primarily due to the changes in this year's profit from hedging business.

Profit from Operations Profit from operations of the Group amounted to RMB139,383 million in the first half of 2026, representing an increase of 17.6% as compared with RMB118,498 million in the same period of last year.

Net Exchange Gain/(Loss) Net exchange gain of the Group amounted to RMB694 million for the first half of

2026, compared with net exchange loss which amounted to RMB21 million in the same period of last year. This was primarily due to the change of average exchange rate of US dollar against Renminbi.

Net Interest Expense Net interest expense of the Group amounted to RMB5,594 million for the first half of 2026, basically the same as that of RMB5,598 million in the same period of last year.

Profit before Income Tax Expense Profit before income tax expense of the Group amounted to RMB145,865 million for the first half of 2026, representing an increase of 19.0% as compared with RMB122,555 million in the same period of last year.

Income Tax Expense Income tax expense of the Group amounted to RMB30,752 million for the first half of 2026, representing an increase of 11.0% as compared with RMB27,697 million in the same period of last year. This was primarily due to the increase in the profit before income tax expense.

Profit for the Period Profit for the first half of 2026 of the Group amounted to RMB115,113 million, representing an increase of 21.4% as compared with RMB94,858 million in the same period of last year.

Profit for the Period Attributable to Non-controlling Interests Profit for the period attributable to non-controlling interests of the Group amounted to RMB11,177 million for the first half of 2026, representing an increase of 15.5% as compared with RMB9,673 million in the same period of last year. This was primarily due to the increase in profits generated from non-wholly owned subsidiaries of the Group.

Profit for the Period Attributable to Owners of the Company Profit for the period attributable to owners of the Company of the Group amounted to RMB103,936 million for the first half of 2026, representing an increase of 22.0% as compared with RMB85,185 million in the same period of last year.

- Segment Results

Oil, Gas and New Energy

Revenue The revenue of the Oil, Gas and New Energy segment for the first half of 2026 was RMB440,002 million, representing an increase of 3.5% from RMB425,115 million as compared with the same period of last year. This was primarily due to the combined impact of the increase in the prices and decrease in the sales volume of crude oil and the increase in the prices and sales volume of natural gas. The average realized crude oil price was US$76.53 per barrel, representing an increase of 15.6% from US$66.21 per barrel as compared with the same period of last year.

Operating Expenses Operating expenses of the Oil, Gas and New Energy segment were RMB339,554 million for the first half of 2026, representing an increase of 0.5% from RMB337,964 million as compared with the same period of last year. This was primarily due to the increase in procurement costs and tax expenses. The unit oil and gas lifting cost amounted to US$10.68 per barrel, representing an increase of 5.3% from US$10.14 per barrel as compared with the same period of last year, which was primarily due to the increase in the exchange rate of Renminbi against US dollar and the increase in basic operation expenses.

Profit from Operations In the first half of 2026, the Oil, Gas and New Energy segment adhered to high-efficient exploration and profitable development, vigorously increased domestic production, continuously optimized the structure of oil and gas products, and further strengthened cost control. The Oil, Gas and New Energy segment recorded a profit from operations of RMB100,448 million, representing an increase of 15.3% from RMB87,151 million as compared with the same period of last year, which was primarily due to the increase in sales price of crude oil.

Refining, Chemicals and New Materials

Revenue The revenue of the Refining, Chemicals and New Materials segment for the first half of 2026 was RMB572,243 million, representing an increase of 3.3% from RMB554,170 million as compared with the same period of last year. This was primarily due to the increase in prices of refined products and most chemical products.

Operating Expenses Operating expenses of the Refining, Chemicals and New Materials segment were RMB557,718 million for the first half of 2026, representing an increase of 2.7% from RMB543,114 million as compared with the same period of last year. This was primarily due to the increase in the procurement costs of crude oil and stock oil. The unit cash processing cost of refineries was RMB232.59 per ton, representing an increase of 10.2% from RMB211.07 per ton as compared with the same period of last year, primarily due to the decrease in crude oil processing volume.

Profit from Operations In the first half of 2026, the Refining, Chemicals and New Materials segment actively responded to changes in the domestic market demand, dynamically adjusted and optimized the product structure, strived to increase the production and sales volume of high value-added products, and deeply carried out cost benchmarking management. The Refining, Chemicals and New Materials segment recorded a profit from operations of RMB14,525 million, representing an increase of RMB3,469 million from RMB11,056 million as compared with the same period of last year, of which, the refining business recorded a profit from operations of RMB11,733 million, representing an increase of RMB2,069 million from RMB9,664 million as compared with the same period of last year, which was primarily due to the increase in the profit margins of the refining business; the chemical business recorded a profit from operations of RMB2,792 million, representing an increase of RMB1,400 million as compared with RMB1,392 million in the same period of last year, which was primarily due to the increase in the profit margins and sales volume of chemical products.

Marketing

Revenue The revenue of the Marketing segment for the first half of 2026 was RMB1,261,092 million, representing an increase of 7.8% from RMB1,169,751 million as compared with the same period of last year. This was primarily due to the increase in the sales price of refined oil products and the increase in revenue from trading.

Operating Expenses Operating expenses of the Marketing segment were RMB1,249,729 million for the first half of 2026, representing an increase of 7.5% from RMB1,162,189 million as compared with the same period of last year. This was primarily due to the increase in the expenditures relating to the purchase of refined oil products and international trading procurement.

Profit from Operations In the first half of 2026, the Marketing segment vigorously strengthened precise and differentiated marketing, strived to expand the domestic market share of refined oil products, actively developed vehicular LNG refueling, electric vehicle charging and battery-swapping, and non-oil product sales businesses, and strived to develop new growth areas for profitability, and coordinated and optimized international trading. The Marketing segment recorded a profit from operations of RMB11,363 million, representing an increase of RMB3,801 million from RMB7,562 million as compared with the same period of last year, primarily due to higher profit margins from international trading businesses and the growth in profits from vehicular LNG refueling, charging and battery-swapping, and non-oil businesses.

Natural Gas Sales

Revenue The revenue of the Natural Gas Sales segment was RMB319,486 million for the first half of 2026, representing an increase of 2.7% from RMB310,943 million as compared with the same period of last year. This was primarily due to the increase in sales volume of natural gas in the domestic market.

Operating Expenses Operating expenses of the Natural Gas Sales segment were RMB295,399 million for the first half of 2026, representing an increase of 1.1% from RMB292,317 million in the same period of last year. This was primarily due to the increase in procurement costs of natural gas.

Profit from Operations In the first half of 2026, the Natural Gas Sales segment strived to control procurement costs through optimizing the resource structure, continuously improved customer service, expanded the proportion of sales to high-end customers, actively developed the terminal retail market, and optimized logistic and storage. The Natural Gas Sales segment recorded a profit from operations of RMB24,087 million, representing an increase of RMB5,461 million from RMB18,626 million in the same period of last year.

In the first half of 2026, the Group's overseas operations realized a revenue of RMB603,313 million, accounting for 39.5% of the total revenue of the Group; profit before income tax expense was RMB29,294 million, accounting for 20.1% of the profit before income tax expense of the Group. (Overseas operations do not constitute a separate operating segment of the Group, and the financial data of overseas operations is included in the financial data of each relevant operating segment mentioned above.)

- Assets, Liabilities and Equity

The following table sets out the key items in the consolidated balance sheet of the Group:

	As of June 30, 2026	As of December 31, 2025	Percentage of Change
	RMB millions	RMB millions	%
Total assets	3,024,034	2,863,218	5.6
Current assets	731,816	599,269	22.1
Non-current assets	2,292,218	2,263,949	1.2
Total liabilities	1,175,902	1,032,668	13.9
Current liabilities	636,401	540,229	17.8
Non-current liabilities	539,501	492,439	9.6
Equity attributable to owners of the Company	1,637,974	1,617,063	1.3
Share capital	183,021	183,021	0.0
Reserves	354,622	390,775	(9.3)
Retained earnings	1,100,331	1,043,267	5.5
Total equity	1,848,132	1,830,550	1.0

Total assets amounted to RMB3,024,034 million, representing an increase of 5.6% as compared with RMB2,863,218 million as of the end of 2025, of which:

Current assets amounted to RMB731,816 million, representing an increase of 22.1% as compared with RMB599,269 million as of the end of 2025, primarily due to the increase in inventories, accounts receivable and time deposits.

Non-current assets amounted to RMB2,292,218 million, representing an increase of 1.2% as compared with RMB2,263,949 million as of the end of 2025, primarily due to the increase in right-of-use assets.

Total liabilities amounted to RMB1,175,902 million, representing an increase of 13.9% as compared with RMB1,032,668 million as of the end of 2025, of which:

Current liabilities amounted to RMB636,401 million, representing an increase of 17.8% as compared with RMB540,229 million as of the end of 2025, primarily due to the increase in accounts payable and accrued liabilities.

Non-current liabilities amounted to RMB539,501 million, representing an increase of 9.6% as compared with RMB492,439 million as of the end of 2025, primarily due to the increase in lease liabilities.

Equity attributable to owners of the Company amounted to RMB1,637,974 million, representing an increase of 1.3% as compared with RMB1,617,063 million as of the end of 2025, primarily due to the increase in retained earnings.

- Cash Flows

As of June 30, 2026, the primary sources of funds of the Group were cash 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 and distribution of dividends to the shareholders.

The table below sets out the cash flows of the Group for the first half of 2026 and 2025, respectively, and the amount of cash and cash equivalents as of the end of each period:

	For the six months ended June 30	
	2026	2025
	RMB millions	RMB millions
Net cash flows from operating activities	251,281	227,240
Net cash flows used for investing activities	(128,365)	(121,306)
Net cash flows used for financing activities	(98,041)	(54,946)
Translation of foreign currency	(3,833)	655
Cash and cash equivalents at the end of the period	227,205	224,125

Net Cash Flows from Operating Activities

The net cash flows from operating activities of the Group for the first half of 2026 amounted to RMB251,281 million, representing an increase of 10.6% from RMB227,240 million as compared with the same period of last year. This was primarily due to the increase in profits and changes in working capital during the Reporting Period. As of June 30, 2026, the Group had cash and cash equivalents of RMB227,205 million, of which, approximately 62.7% were denominated in Renminbi, approximately 35.4% were denominated in US dollars, approximately 0.3% were denominated in Hong Kong dollars, and approximately 1.6% were denominated in other currencies.

Net Cash Flows Used for Investing Activities

The net cash flows used for investing activities of the Group for the first half of 2026 amounted to RMB128,365 million, representing an increase of 5.8% as compared with RMB121,306 million in the same period of last year. This was primarily due to an increase in the time deposits with maturities over three months.

Net Cash Flows Used for Financing Activities

The net cash flows used for financing activities of the Group for the first half of 2026 amounted to RMB98,041 million, representing an increase of RMB43,095 million as compared with RMB54,946 million in the same period of last year. This was primarily due to the payment of consideration for the acquisition of the Gas Storage and the repayment of lease liabilities.

The net borrowings of the Group as of June 30, 2026 and December 31, 2025, respectively, were as follows:

	As of June 30, 2026	As of December 31, 2025
	RMB millions	RMB millions
Short-term borrowings (including current portion of long-term borrowings)	58,175	64,103
Long-term borrowings	175,205	166,062
Total borrowings	233,380	230,165
Less: Cash and cash equivalents	227,205	206,163
Net borrowings	6,175	24,002

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

	As of June 30, 2026	As of December 31, 2025
	RMB millions	RMB millions
Within 1 year	61,904	67,491
Between 1 and 2 years	17,964	15,657
Between 2 and 5 years	107,493	41,302
After 5 years	66,000	125,634
	253,361	250,084

Of the total borrowings of the Group as of June 30, 2026, approximately 43.1% were fixed-rate loans and approximately 56.9% were floating-rate loans; approximately 56.4% were denominated in Renminbi, approximately 42.6% were denominated in US dollars and approximately 1.0% were denominated in other currencies.

As of June 30, 2026, the gearing ratio of the Group (gearing ratio = interest-bearing borrowing / (interest-bearing borrowing + total equity)) was 11.2% (December 31, 2025: 11.2%).

- Capital Expenditures

For the first half of 2026, the Group adhered to the concept of rigorous, precise and profitable investment, strictly adhered to investment return standards, focused on its principal businesses and the direction of transformation and upgrading, and continuously optimized investment structure. The capital expenditures of the Group amounted to RMB75,015 million. The capital expenditures throughout 2026 are estimated to be RMB279,400 million. The following table sets out the capital expenditures incurred by the Group for the first half of 2026 and for the first half of 2025 and the estimated capital expenditures for each of the business segments of the Group throughout the year of 2026.

	For the first half of 2026		For the first half of 2025		Estimates for 2026	
	RMB millions	(%)	RMB millions	(%)	RMB millions	(%)
Oil, Gas and New Energy	54,410	72.53	49,528	77.00	220,800	79.03
Refining, Chemicals and New Materials	16,566	22.08	12,651	19.67	42,700	15.28
Marketing	2,119	2.83	589	0.92	8,500	3.04
Natural Gas Sales	1,496	1.99	936	1.45	6,000	2.15
Head Office and Other	424	0.57	621	0.96	1,400	0.50
Total	75,015	100.00	64,325	100.00	279,400	100.00

Oil, Gas and New Energy

Capital expenditures for the Oil, Gas and New Energy segment of the Group amounted to RMB54,410 million for the first half of 2026. In domestic operations, the capital expenditures were primarily used to continue to focus on the large-scale and efficient exploration and development of 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, shale gas and coalbed methane, actively promoting the construction of gas storage capacity, accelerating the construction of key projects such as large new energy bases, and promoting wind and photovoltaic power generation, geothermal heating, CCUS and associated resources projects. The Group enhanced business concentration in overseas operations, increased efforts in self-exploration while continuing to operate existing projects in cooperation areas such as the Middle East, Central Asia, the Americas and the Asia Pacific region, continuously promoted profitable development, and strictly prevented investment risks.

The Group anticipates that capital expenditures for the Oil, Gas and New Energy segment throughout 2026 will amount to RMB220,800 million.

Refining, Chemicals and New Materials

Capital expenditures for the Refining, Chemicals and New Materials segment of the Group amounted to RMB16,566 million for the first half of 2026, which were primarily used for the completion of the ethylene project and the 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. Also used for Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project, Fushun Petrochemical Company's ethylene unit optimization and upgrading project, and the construction of the high-end polyolefin project of Blue Ocean New Material Company, and steadily advanced Blue Ocean New Material Company's ethane/light hydrocarbon comprehensive utilization for high-end chemical materials project and Lanzhou Petrochemical Company's ethylene upgrading project.

The Group anticipates that capital expenditures for the Refining, Chemicals and New Materials segment throughout 2026 will amount to RMB42,700 million.

Marketing

Capital expenditures for the Marketing segment of the Group amounted to RMB2,119 million for the first half of 2026, which were primarily used for the construction of domestic "oil, gas, hydrogen, power and non-oil products" integrated energy stations, enhancing the efforts devoted

to the construction of LNG refueling stations and charging stations, the optimization of deployment of terminal network layout, and the construction of international trading supporting infrastructure.

The Group anticipates that capital expenditures for the Marketing segment throughout 2026 will amount to RMB8,500 million.

Natural Gas Sales

Capital expenditures for the Natural Gas Sales segment of the Group amounted to RMB1,496 million for the first half of 2026, which were primarily used for the construction of projects such as the Fujian LNG receiving station and the supporting pipelines, expansion of Jiangsu LNG receiving station storage tanks, natural gas branch lines and market development projects for urban gas terminal market.

The Group anticipates that the capital expenditures for the Natural Gas Sales segment throughout 2026 will amount to RMB6,000 million.

Head Office and Other

Capital expenditures for the Head Office and Other segment for the first half of 2026 amounted to RMB424 million, which were primarily used for the construction of scientific research facilities and IT system.

The Group anticipates that capital expenditures of the Head Office and Other segment throughout 2026 will amount to RMB1,400 million.

(2) The financial data set out below is extracted from the consolidated financial statements of the Group prepared under CAS

• Principal operations by segment under CAS

	Income from principal operations for the first half of 2026	Cost of principal operations for the first half of 2026	Gross profit margin[(a)]	Changes in income from principal operations over the same period of the preceding year	Changes in cost of principal operations over the same period of the preceding year	Increase/ (decrease) in gross profit margin
	RMB millions	RMB millions	%	%	%	Percentage points
Oil, Gas and New Energy	430,809	272,907	29.2	3.6	0.1	0.2
Refining, Chemicals and New Materials	569,749	432,093	7.5	3.3	1.2	2.6
Marketing	1,248,532	1,213,010	2.8	8.0	8.0	0.0
Natural Gas Sales	317,863	289,023	9.0	3.2	1.2	1.7
Head Office and Other	358	286	-	(15.8)	244.6	-
Intersegment elimination	(1,066,755)	(1,049,299)	-	-	-	-
Total	1,500,556	1,158,020	14.3	5.6	4.5	0.9

(a) Gross profit margin = Profit from principal operations / Income from principal operations.

• Principal operations by region under CAS

	For the first half of 2026	For the first half of 2025	Changes over the same period of the preceding year
Operating income from external customers	RMB millions	RMB millions	%
China's mainland	924,178	953,527	(3.1)
Others	603,313	496,494	21.5
Total	1,527,491	1,450,021	5.3

• Principal subsidiaries and associates of the Group

Company name	Registered capital RMB millions	Shareholding %	Amount of total assets RMB millions	Amount of total liabilities RMB millions	Amount of net assets/ (liabilities) RMB millions	Net profit RMB millions
Daqing Oilfield Co., Ltd.	47,500	100.00	352,083	152,057	200,026	8,483
CNPC Exploration and Development Company Limited	16,100	50.00	216,933	17,245	199,688	8,639
PetroChina Hong Kong Limited	HK$7,592 million	100.00	171,489	51,059	120,430	6,576
PetroChina International Investment Company Limited	36,042	100.00	106,894	199,240	(92,346)	863
PetroChina International Co., Ltd.	18,096	100.00	345,864	224,366	121,498	10,073
PetroChina Sichuan Petrochemical Company Limited	10,000	90.00	29,785	2,859	26,926	2,080
Guangdong Petrochemical Company Limited	20,000	90.00	64,804	33,462	31,342	1,862
PetroChina Taihu (Beijing) Investment Co., Ltd.	5,800	100.00	65,762	17,275	48,487	1,127
China Oil & Gas Pipeline Network Corporation	500,000	29.90	957,260	327,418	629,842	18,556
China Petroleum Finance Co., Ltd.	16,395	32.00	536,638	444,988	91,650	3,319
State Grid Xin Yuan Holdings Co., Ltd.	29,132	14.79	268,802	163,856	104,946	2,110
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	14,246	11,082	3,164	549
Mangistau Investment B.V.	US$131 million	50.00	12,173	3,659	8,514	700
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50.00	47,110	3,950	43,160	1,519

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.

3. Business Prospects for the Second Half of 2026

In the second half of 2026, the world economy is expected to maintain low-speed growth. As the effect of a series of macroeconomic policies such as expanding domestic demand and optimizing supply becomes even more apparent, China's economy will maintain stable growth, but will still face external instability and uncertainty. The international crude oil market still faces relatively strong geopolitical disturbances, and the risk of volatility in international oil prices is relatively large. The domestic refined oil products market demand will continue to be affected by alternative energy and high oil prices, and the demand of the natural gas market is expected to recover steadily. The Group will keep pace with international and domestic macroeconomic situations and oil and gas market trends, adhere to a market-oriented and profitability-centered approach, persist in the five development strategies of innovation, resources, market, internationalization, and green and low-carbon, safely and steadily organize the production and operation of the two major oil and gas industrial chains, accelerate the development of new energy, new materials businesses and green and environmental industries, promote the green and low-carbon transition of the entire industrial chain, continuously and thoroughly promote quality and profitability enhancement, effectively control various types of risks, and strive to achieve stable growth in the Company's profitability and steady increase in its value.

In terms of oil, gas and new energy segment, domestically, the Group will adhere to the equal emphasis on both conventional and unconventional resources, focus on high-efficient exploration and value-oriented exploration, intensify risk exploration in areas such as the Cambrian pre-salt play in the Tarim Basin and the Permian play along the Bogda mountain front in the Junggar Basin, strengthen concentrated exploration in large-scale reserve-growth areas such as the tight oil in the Gulong Sag of the Songliao Basin and the tight gas on the periphery of Sulige in the Ordos Basin, and strive to achieve the targets of reserves growth. The Group will focus on profitable and integrated development, orderly promote the construction of key oil and gas production capacity projects such as Fuman in Tarim and Changqing Jingbian, focus on enhancing the results of unconventional oil and gas development such as Daqing Gulong shale oil and deep shale gas in southern Sichuan, and promote the expansion and achievement of production capacity and the construction of new gas storage facilities. Overseas, the Group will efficiently organize the risk exploration of projects such as Blocks 14/15 in Suriname, intensify rolling exploration of mature blocks such as Block 15 in Oman, and further consolidate the foundation for reserves succession. The Group will actively promote the resumption and increase of production in Middle East projects in light of the changing situation, and strive to expand oil and gas output. The new energy business will coordinate the acquisition, conversion and project construction of wind power and photovoltaic power quota, accelerate the construction of large new energy bases such as Qinghai and Songliao, accelerate the construction of the Tarim direct connection of green power project, and enhance green power consumption capability and electricity marketing capability; efficiently develop and utilize geothermal resources; promote the construction of zero-carbon demonstration factories, and build key basin demonstration zones for the entire CCUS industry chain.

In respect of refining, chemicals and new materials segment, the Group will focus on matching production with demand, optimize and adjust the production ratios of gasoline and diesel by region, increase the production of aviation kerosene, increase the production of high value-added products such as paraffin, lubricating base oil and bonded marine fuel oil. The Group will optimize the mutual supply of chemical raw materials, continuously increase the operating load of ethylene, aromatic hydrocarbons and other production facilities, focus on achieving production targets and standards for newly constructed ethylene facilities such as those of Jilin Petrochemical Company, Guangxi Petrochemical Company, and Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project. The Group will commission and put into production Blue Ocean New Material Company's high-end polyolefin project, accelerate the development of new materials business, orderly promote the construction of projects such as carbon fiber and new type of polyester, carry out the market development of electronic-grade isopropyl alcohol and the industrial layout of needle coke; actively promote the industrial layout of bio-manufacturing, continue to advance projects such as Daqing Refining & Chemical Company's bio-based polyacrylamide project and Huabei Petrochemical Company's bio-aviation kerosene project; intensify the marketing of chemical products and specialty refined products, and enhance service capability.

In terms of marketing segment, domestically, the Group will strengthen market analysis and judgment, dynamically optimize differentiated marketing strategies by region, by product category and by product grade, further strengthen internet-based marketing, deepen strategic cooperation with four types of customers: automotive enterprises, logistics companies, infrastructure entities and platforms, and make every effort to expand sales, increase profitability and improve market share. The Group will promote the deep integration and coordinated development of "oil, gas, hydrogen, power and non-oil" businesses, further expand the gas refilling business, accelerate the deployment of charging and battery-swapping networks, develop distinctive non-oil products, and make every effort to create new growth points of profitability. For international trade, the Group will closely follow changes in the international situation, continuously build a global oil and gas "resource pool", dynamically optimize product imports and exports on a profitability-oriented basis, and strive to expand the overall value of the industrial chain.

In terms of the natural gas sales segment, the Group will optimize the resource structure and timing and pace of imported gas, take multiple measures to control the procurement cost of natural gas; vigorously expand high-efficient markets and direct-sales customers in the eastern and southern coastal regions, steadily expand the scale of urban gas and LNG liquid sales, promote the construction of gas power generation projects, optimize regional online transaction mechanisms and enrich online transaction varieties, and comprehensively promote the expansion of sales and improvement of profitability; promote the construction of key projects such as the Fujian LNG receiving station and the third phase supporting pier of the Jiangsu LNG receiving station.

By Order of the Board of Directors
Dai Houliang
Chairman
Beijing, the PRC
August 28, 2026

SIGNIFICANT EVENTS

1. Governance, environment and society of the Company

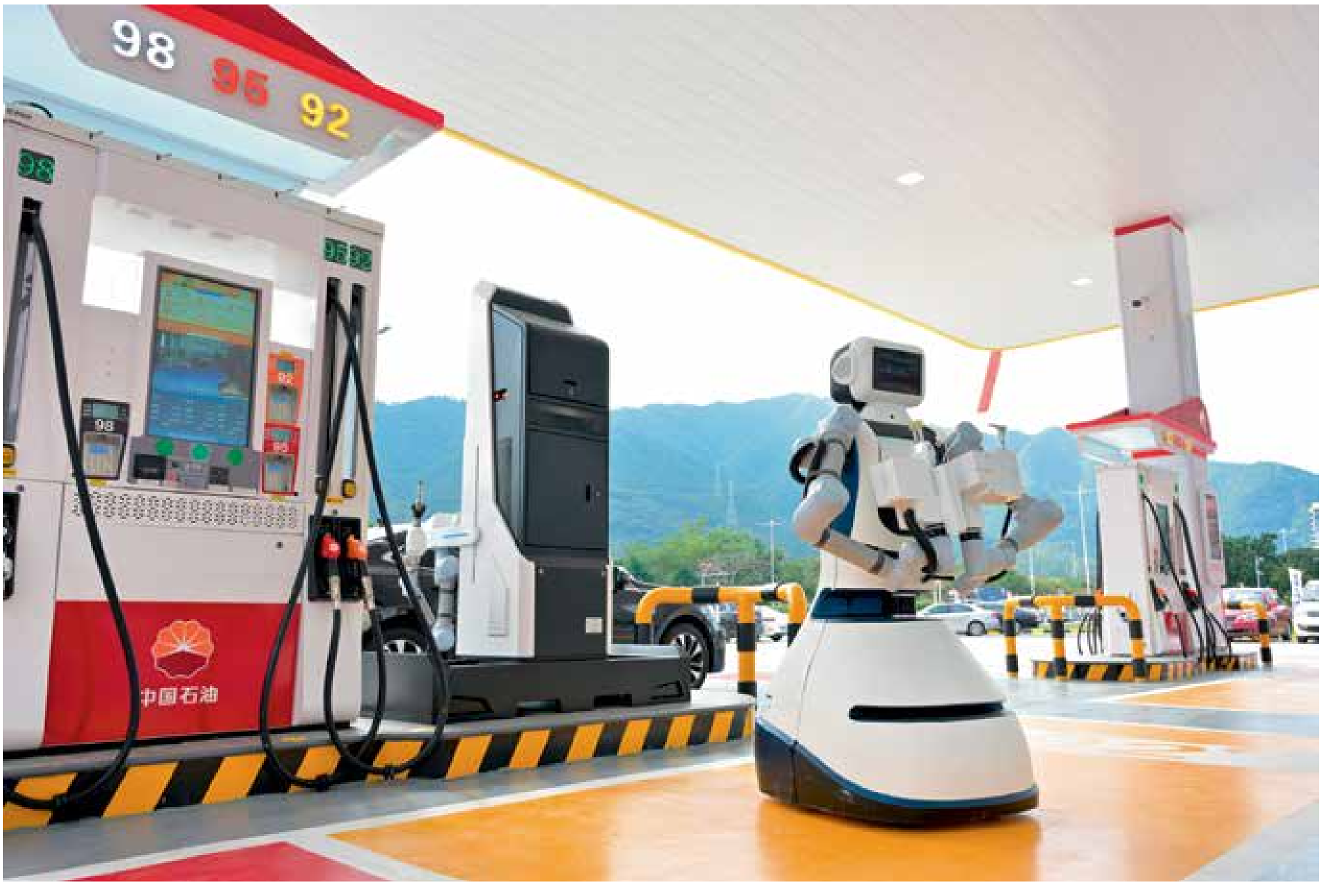
(1) Governance of the Company

During the Reporting Period, the Company strictly operated business in a regularized manner in accordance with domestic and overseas regulatory requirements. Pursuant to the Articles of Association of PetroChina Company Limited (the "Articles of Association"), relevant laws and regulations and the securities regulatory rules of the places where 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 of Directors and its respective committees. The general meeting, the Board and its respective committees and the management led by the president of the Company operated in a coordinated manner with effective checks and balances; the roles of the governing bodies such as the Board and the management were further utilized and the efficient management and organizational system were further improved; and 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 in contravention of the relevant regulations.

For the six months ended June 30, 2026, the Company has complied with all the code provisions of Part 2 of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Hong Kong Listing Rules").

On June 9, 2026, the Company convened the 2025 annual general meeting, at which the "Resolution regarding the Election of the Company's Directors" was considered and approved. As the tenure of Mr. Jiang, Simon X. has reached 6 years, he ceased to serve as an independent non-executive Director pursuant to the relevant regulatory limitation on the term of office of an independent director and simultaneously stepped down as a member of the nomination committee and a member of the audit and risk management committee of the Board. Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong were re-elected as Directors. Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y, Ms. Liu Xiaolei, Mr. Zhang Yuxin and Mr. Ng Kar Ling Johnny were elected as independent non-executive Directors. On June 9, 2026, the 1st meeting of the 10th session of the Board was convened, at which the "Resolution regarding the Election of the Chairman and Vice Chairman of the Board" was considered and approved, pursuant to which Mr. Dai Houliang was elected as the Chairman of the Board



and Mr. Zhou Xinhuai was elected as the vice chairman of the Board; the "Resolution regarding the Appointment of Members of Special Committees of the Board" was considered and approved, and having taken into account the Board re-election and the composition requirements of the special committees and the professional expertise of the respective Directors, Mr. Dai Houliang was elected as the chairman of the nomination committee, Ms. Liu Xiaolei was elected as the chairwoman of the audit and risk management committee, Mr. Zhou Xinhuai was elected as the chairman of the investment and development committee, Mr. Zhang Yuxin was elected as the chairman of the examination and remuneration committee, and Mr. Ren Lixin was elected as the chairman of the sustainable development committee; the "Resolution regarding the Appointment of the President of the Company" was considered and approved, pursuant to which Mr. Ren Lixin was appointed as the president of the Company; the "Resolution regarding the Appointment of the Senior Vice Presidents, Vice Presidents and Other Senior Management of the Company" was considered and approved, pursuant to which Mr. Zhang Daowei and Mr. Song Dayong were appointed as the senior vice presidents of the Company, Mr. Wang Hua was appointed as the secretary to the Board (Company secretary) of the Company, Mr. Yang Weisheng was appointed as the vice president and chief engineer of the Company, Mr. Yang Liqiang, Mr. Dai Qinrong and Mr. Wang Guofeng were appointed as vice presidents of the Company, Mr. Jiang Tongwen was appointed as the chief geologist of the Company, Mr. Shen Fuxiao was appointed as the chief safety director of the Company, and Ms. Zhao Ying was appointed as the general counsel of the Company; the "Resolution regarding the Appointment of the Chief Financial Officer of the Company" was considered and approved, pursuant to which Mr. Wang Hua was appointed as the chief financial officer of the Company. On June 9, 2026, Mr. Zhou Jian was elected as employee Director of the 10th session of the Board of Directors through a democratic election at the meeting of employee representatives of the Company, with his term being consistent with that of the 10th session of the Board of the Company.

(2) Performance of Liability of Environmental Protection

The Group has adopted "green and low-carbon" as one of its corporate development strategies, adhering to integration and coordination between development activities and environmental protection, giving priority to environmental protection, and pursuing coordinated efforts in carbon reduction, pollution reduction, green expansion and economic growth. The Group continued the fight against pollution to keep our skies blue, waters clear and lands clean, comprehensively strengthened the protection of key river basins and regions including the Yangtze River and the Yellow River, systematically carried out environmental risk assessments, and deepened research and application of technologies in areas such as wastewater treatment and utilization, air pollution control, innovative management of solid waste, and prevention and remediation of soil and groundwater contamination, with continuous improvement in pollution discharge performance. The Group continued to strengthen and refine its ecological and environmental protection institutional framework, established an innovative internal environmental protection supervision system, and continuously strengthened company-wide awareness of legal compliance in ecological and environmental protection and technological innovation in ecological and environmental protection, driving a comprehensive enhancement in the modernization of the Company's ecological and environmental governance through a dual approach of digital and intelligent empowerment and institutional standardization.

The Group continued to promote the transition from "dual control of energy consumption" to "dual control of carbon emissions", and further improved its carbon emission accounting, management and assessment system. The Group innovatively promoted biodiversity protection, established a self-initiated bio-diversity conservation area, and promoted the coordinated development of oil and gas production and ecological conservation. The Group comprehensively carried out green enterprise certification and completed the construction of national-level green mines and national-level green factories. No relatively major or above environmental pollution and ecological damage events occurred during the Reporting Period, and the ecological and environmental governance system and capabilities were significantly enhanced.

During the Reporting Period, three of the Group's major subsidiaries—Daqing Oilfield Co., Ltd., PetroChina Sichuan Petrochemical Company Limited, and Guangdong Petrochemical Company Limited—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 Company has steadily carried out poverty designated assistance and paired support initiatives, fully integrating the Company's industrial layout with local development needs, scientifically preparing the "15th Five-Year Plan" paired support plan and project pool, and continuously improving the precision of its empowerment projects. Closely aligned with the local resource endowments and industrial foundations, the Company has provided support for the construction of modern facility-based agricultural industrial parks, photovoltaic ancillary projects at industrial bases, and specialty agricultural product processing plants, thereby promoting the large-scale, standardized and branded development of special industries. The Company continued to deepen consumption empowerment, organized the Consumption Assistance Joint Action Exhibition and Trade Fair, expanded the sales channels of agricultural products from areas being assisted, developed premium tourism routes in targeted assistance areas, and contributed to the quality enhancement and efficiency improvement of the cultural tourism industry. Treating the revitalization of talent as key support of rural revitalization, the Company continued to strengthen a diversified and systematic talent cultivation system, continuously enhancing the organic growth momentum for areas being assisted. Public benefit projects such as "Science and Technology Courtyard", "Teacher Training Program" and "Kids Care" have effectively enhanced the sense of fulfilment and well-being of the people in areas being assisted.

2. Formulation and Implementation of the Cash Dividend Policy

In order to protect the interests of the shareholders, the Company provides in the Articles of Association that, for the year when the net profit attributable to the parent company and the cumulative undistributed profit are positive and so long as the cash flows of the Company may support its normal course of operation and sustainable development, any cash dividends shall not be less than 30% of the net profit attributable to the parent company for that year. The dividend of the Company shall be distributed twice a year. The final dividend of the Company shall be decided by the shareholders by way of an ordinary resolution. The shareholders may by way of an ordinary resolution authorize the Board of Directors to decide on the interim dividends. Since listing, the Company has been strictly complying with the Articles of Association and relevant regulatory requirements and making decisions on dividend distribution based on the principle of rewarding shareholders. The shareholders also welcome the Company's prudent and active dividend distribution policy. The independent Directors have performed their duties conscientiously and diligently, expressed independent and objective opinions on dividend distribution and played their due role. The Board has been authorized by the general meeting to decide the distribution of 2026 interim dividend and has considered and approved the 2026 interim dividend at the 2nd meeting of the 10th session of the Board of Directors, with the consent of independent Directors.

3. The Implementation of Final Dividend for 2025 and the Distribution Plan of the Interim Dividend for 2026 and Closure of Register of Members

(1) The Implementation of Final Dividend for the Year Ended December 31, 2025

The final dividend in respect of 2025 of RMB0.25 (inclusive of applicable tax) per share, amounting to a total of RMB45,755 million, was approved by the shareholders at the 2025 annual general meeting of the Company on June 9, 2026 and was paid on June 26, 2026 (A shares) and July 31, 2026 (H shares), respectively.

(2) The Distribution Plan of the Interim Dividend for 2026 and Closure of Register of Members

The Board was authorized by the shareholders to approve the distribution of the interim dividend for 2026 at the 2025 annual general meeting of the Company on June 9, 2026. To provide returns to the shareholders, the Board has resolved to declare an interim dividend of RMB0.26 (inclusive of applicable tax) per share for 2026 on the basis of a total of 183,020,977,818 shares of the Company as of June 30, 2026. The total amount of the interim dividend payable is approximately RMB47,585 million and is expected to be paid on September 16, 2026 (A shares) and October 26, 2026 (H shares), respectively.

The interim dividend of the Company will be paid to shareholders whose names appear on the register of members of the Company at the close of trading on September 15, 2026. The register of members of H shares will be closed from September 12, 2026 to September 15, 2026 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the interim dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at ComputerShare Hong Kong Investor Services Limited on or before 4:30 p.m., September 11, 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 September 15, 2026 will be eligible for the interim dividend.

In accordance with the relevant provisions of the Articles of Association and relevant laws and regulations, dividends payable to the shareholders of the Company 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 dollars. 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 by the Board. 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. 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 2026 interim dividend by the Board is RMB0.86531 to 1.00 Hong Kong dollar. Accordingly, the interim dividend will be 0.30047 Hong Kong dollar (inclusive of applicable tax) per H share.

The Company has appointed Bank of China (Hong Kong) Limited as the receiving agent in Hong Kong (the "Receiving Agent") and will pay the declared interim dividend to the Receiving Agent for its onward payment to the holders of H shares. The interim dividend will be paid by the Receiving Agent around October 26, 2026 to the holders of H shares by ordinary mail at their own risks.

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 and was 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. Any holders of H shares wishing to change their shareholder status should consult their agents or trust institutions on the relevant procedures. The Company will withhold and pay the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments based on the information that will have been registered on the Company's H share register of members on September 15, 2026.

According to the Notice on Issues Concerning the Collection and Management of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No.045 promulgated by the State Taxation Administration (Guo Shui Han [2011] No.348) (《關於國稅發〔1993〕045號文件廢止後有關個人所得稅征管問題的通知》(國稅函〔2011〕348號)), the Company is required to withhold and pay the individual income tax for individual H shareholders and 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 China's Mainland and Hong Kong (Macau). The Company will 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 on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under 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)) issued by the State Taxation Administration. 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 September 15, 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., September 11, 2026 (address: ComputerShare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 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 September 15, 2026.

The Company will not entertain any claims arising from and assumes 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 State Taxation Administration, 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 State Taxation Administration, 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 individual China's Mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the tax rate of 20% in accordance with the register of individual China's Mainland 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 Stock Connect 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 the 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 any Hong Kong investor 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 directly, 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.

4. Material Litigation and Arbitration

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

5. Items to which Fair Value Measurement Is Applied

Unit: RMB millions

Name of Items	Balance at the beginning of the Reporting Period	Balance at the end of the Reporting Period	Changes in the Reporting Period	Profit/loss on the changes in fair value of the Reporting Period
Investments in other equity instruments	1,324	1,267	(57)	0
Account receivables financing	1,864	3,439	1,575	0
Financial assets at fair value through profit or loss	6,175	7,145	970	(207)
Financial liabilities at fair value through profit or loss	4,152	2,470	(1,682)	0
Derivative financial instruments	3,902	6,970	3,068	7,579

6. Material Acquisition, Disposal and Restructuring of Assets

During the Reporting Period, the Company has no material acquisition, disposal or restructuring of assets.

7. Material Connected Transactions

(1) Continuing connected transactions

(a) Connected transactions with CNPC

According to the Hong Kong Listing Rules and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the "SSE Listing Rules"), as CNPC is the controlling shareholder of the Company, the transactions between the Group and CNPC/jointly-held entities constitute connected transactions of the Group. The Group and CNPC/jointly-held entities are carrying out certain existing continuing connected transactions. The above existing continuing connected transactions and their annual caps from January 1, 2024 to December 31, 2026 have been approved by the independent Directors at the 3rd meeting of the 9th session of the Board on August 30, 2023 and by independent shareholders at the 2023 first extraordinary general meeting of the Company convened on November 9, 2023.

The Group and CNPC/jointly-held entities will continue to carry out the continuing connected transactions referred to in the following agreements:

1) Comprehensive Products and Services Agreement;

2) Land Use Rights Leasing Contract and Supplemental Agreement;

3) Buildings Leasing Contract (Amended);

4) Intellectual Property Rights Licensing Contracts;

5) Contract for the Transfer of Rights under Production Sharing Contracts.

Please refer to the section of "Connected Transactions" of the 2025 annual report published by the Company on the website of the Hong Kong Stock Exchange on April 23, 2026 and on the website of the Shanghai Stock Exchange on March 29, 2026 for details of these agreements. The details of the Comprehensive Products and Services Agreement, Land Use Rights Leasing Contract and Supplemental Agreement, Buildings Leasing Contract (Amended) have been published on the websites of the Shanghai Stock Exchange (Announcement No: Lin 2023-028) and the Hong Kong Stock Exchange on August 30, 2023 and the circular published on the website of the Hong Kong Stock Exchange on September 20, 2023 and the information of the 2023 first extraordinary general meeting of the Company published on the website of the Shanghai Stock Exchange on November 3, 2023.

(b) Continuing connected transactions with CNPC Finance

According to the Hong Kong Listing Rules and the SSE Listing Rules, CNPC Finance is a connected person of the Group. During the Reporting Period, the beginning balance of the Group's deposits with CNPC Finance was RMB63,776 million, with cash inflows of RMB4,062,623 million and cash outflows of RMB4,062,480 million during the Reporting Period, and the end-of-period balance was RMB63,919 million, with the Renminbi interest rate range varying from 0.05% to 2.1%. The beginning balance of the loans provided by CNPC Finance to the Group was RMB80,374 million, the amount of loans increased RMB17,386 million and the amount of loans decreased RMB13,699 million during the Reporting Period, and the end-of-period balance was RMB84,061 million, with the interest rate range varying from 1.5% to 3.04%. During the Reporting Period, the acceptance bill of exchange issued and bill discounted by CNPC Finance for the Group were RMB14,685 million and RMB177 million.

The Company entered into a currency derivatives service framework agreement with CNPC Finance on December 19, 2025. Pursuant to the agreement, the Group conducted currency derivatives transactions with CNPC Finance in 2026, to lock in exchange rates, avoid market risks and achieve the purpose of hedging in advance through currency derivatives transactions. The term of the agreement will expire on December 31, 2026. Please refer to the announcement published by the Company on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on December 19, 2025, respectively. During the Reporting Period, the transaction amount of currency derivatives transactions between CNPC Finance and the Group amounted to USD2,443 million.

(2) Implementation of continuing related party transactions during the Reporting Period

During the Reporting Period, in accordance with CAS, the actual total transaction amounts of the related party transactions between the Group and its related parties were RMB320,979 million, among which the sales of goods and provision of services by the Group to its related parties amounted to RMB106,788 million, representing 6.99% of the same category transactions of the Group; the provision of goods and services by the related parties to the Group amounted to RMB214,191 million, representing 16.49% of the same category transactions of the Group. The balance of capital provided by the related parties to the Group amounted to RMB160,276 million.

(3) Details of the related party transactions during the Reporting Period have been set out in Note 62 under the financial statements prepared under CAS and Note 18 under the financial statements prepared under IFRS Accounting Standards.

8. Material Contracts and the Implementation Thereof

(1) During the Reporting Period, there were no trusteeship, contractors and leasing of properties of other companies by the Company or trusteeship, contractors and leasing of properties of the Company by other companies which was enacted during the Reporting Period or extended from periods prior to the Reporting Period and has generated profit to the Company of 10% (inclusive) or more of its total profit for the Reporting Period.

(2) As of the end of the Reporting Period, the Company and its subsidiaries had a guarantee balance of RMB141,046 million, including RMB173 million for credit guarantee, RMB139,136 million for performance guarantee, RMB1,737 million for financing guarantee, and the balance of guarantees as of the end of the Reporting

Period accounted for approximately 8.61% of the Group's net asset. The guarantee balance of the Company as of the end of the Reporting Period did not include any guarantee provided to the controlling shareholder, ultimate controller and related parties of the Company.

(3) The Company did not entrust any other person to carry out cash management during the Reporting Period nor was there any such entrustment that was extended from periods prior to the Reporting Period.

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

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

9. 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, as the oil and gas exploration and development business at certain overseas countries and regions in which the resources owned by CNPC were insufficient or uncertain, CNPC obtained certain business opportunities that competed or were likely to compete with the principal business of the Company.

In connection with matters described above, CNPC issued a Letter of Undertaking to the Company on June 20, 2014 and among the additional undertakings, one that has not yet been fully performed is: for business opportunities relating to investment in offshore oil and gas assets 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 assets as described in the Agreement at the request of the Company.

As of the end of the Reporting Period, CNPC has duly fulfilled the undertaking within the performance period of the Letter of Undertaking. Save for the above additional undertakings, 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 or senior management or other related parties during the Reporting Period.

10. 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 competent authorities, enforcement by judicial or disciplinary departments, or was handed over to judicial departments or subject to criminal liabilities, or subject to investigation or administrative penalties by the China Securities Regulatory Commission, or any denial of participation in the securities market or was deemed as unsuitable candidates, or was imposed material administrative penalty by other administrative authorities or was subject to any public reprimand made by a stock exchange.

11. Purchase, Sale or Redemption of Securities

Save as described in the section of the "Relevant Information on the Bonds" of this interim report, the Company and its subsidiaries did not purchase, sell or redeem any listed securities (including sale of treasury shares) of the Group during the six months ended June 30, 2026. As of June 30, 2026, the Company did not hold any treasury shares.

12. 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 being made to each of the Directors, each Director has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the Reporting Period.

13. Interests of Directors and Chief Executive in the Share Capital of the Company

As of June 30, 2026, none of the Directors or chief executive of the Company had any interests 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 Securities and Futures Ordinance required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and chief executive pursuant to the Model Code.

14. Creditworthiness of the Company and its Controlling Shareholder and Ultimate Controller

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

15. Audit and Risk Management Committee

The audit and risk management committee of the Company comprises Ms. Liu Xiaolei, Mr. Zhou Song and Mr. Ng Kar Ling Johnny. The main responsibilities of the audit and risk management committee are to review the financial information of the Company and its disclosure, supervise and evaluate the external audit work, propose the engagement or replacement of external auditing firm; supervise and evaluate internal audit work, coordinate between internal and external audits; supervise and evaluate the internal control of the Company; exercise 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 the rules of procedures of the Board.

The audit and risk management committee of the Company has reviewed and confirmed the interim report for the six months ended June 30, 2026.

16. Disclosure of Other Information

Save as disclosed in this interim report, there have been no material changes in the information disclosed in the annual report of the Group for the year ended December 31, 2025 in respect of matters required to be disclosed under paragraph 32 of Appendix D2 to the Hong Kong Listing Rules.

17. Employees

As of June 30, 2026 the Group had 361,426 employees (excluding 215,831 market-oriented temporary and seasonal staff).

The Group has in place various remuneration systems to cater for different positions in accordance with the requirements of being fair internally and being relatively competitive externally. An annual salary system has been adopted for managements of its affiliated enterprises, a positional level-based wage system has been adopted for managements and specialized technical staff, and a positional skill-based wage system has been adopted for skilled operators. In addition, technical subsidies and skill subsidies are offered to high-level technical and skilled talents. 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.

The Group has always attached great importance to staff training as an important measure to implement the strategy of strengthening the enterprise with talents, improving the quality of staff, enhancing the competitiveness of the enterprise and building a harmonious enterprise. Employee training of the Group covers basic theories, policies and regulations, knowledge required for job positions, safety awareness, cultural knowledge and technical skills as a fundamental basis. The three improvement program adopted by the Group cover professional ethics, performance abilities of talents and abilities of special talents. The Group coordinated domestic and international quality training resources, focused on two key priorities — teaching and curriculum — and leveraged AI technology to deeply empower training models, thereby driving a significant leap in learning efficiency, satisfying the requirements for the growth of the Group and the construction of talented teams.

18. 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 licences, 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 business and part of its oil and gas products demands are met through external purchases in international market. The prices of crude oil, refined oil 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 determined by reference to international price of crude oil and the prices of domestic refined oil products are adjusted to reflect the price changes in international crude oil market. Domestic natural gas prices are prescribed by the 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 imported oil and gas, 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 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.

(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, 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

The Group operates in a number of countries around the world, and the political, legal and regulatory environment where its overseas operations are located is complex and remains uncertain. In the first half of 2026, geopolitical tensions in the Middle East escalated, and disruptions to the Strait of Hormuz affected the global oil and gas market. The principal risks faced by the Group in its overseas operations include changes in political environment, adjustments to taxation policies, import and export restrictions as well as changes in regulatory requirements. These above-mentioned factors may have a certain impact on the Group's overseas business operations.

(7) Risk Relating to Climate Change

In recent years, the oil industry has been facing ever increasing challenges posed by global climate change. A number of international, domestic and regional agreements restricting greenhouse gas emission have been signed and become effective. China or countries in which the Company operates have been taking more stringent measures to reduce greenhouse gas emission, the revenue and profits earned by the Group may be reduced as a result of increases in substantial capital expenditures and taxation expenditures and operating costs incurred from such related laws, regulations and regulatory requirements, and the strategic investments of the Group may also be affected at the same time.

(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. With the expansion in the scale and area of operations, the hazard risks faced by the Group may also increase accordingly. The Group has implemented a strict HSE management system and used its best endeavours to avoid the occurrence of accidents. However, the Group cannot completely avoid potential financial losses caused by such contingent incidents. The Group has strictly followed laws and regulations of the PRC and timely addressed the major safety and environmental risks identified. In addition, natural disasters such as earthquake, typhoon, tsunami may cause losses to properties and personnel of the Group and may affect the normal operations of the Group.

19. Change of Address of Representative Office in Hong Kong and the Principal Place of Business in Hong Kong

The address of the representative office in Hong Kong and the principal place of business in Hong Kong of the Company was changed from Suite 3705, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, the PRC to 37/F, East Tower, Cheung Kong Center II, 10 Harcourt Road, Central, Hong Kong, the PRC, with effect from June 30, 2026.

20. Other Significant Events

(1) Events after the Reporting Period

On August 28, 2026, CNPC, the Company, CNPC Capital Company Limited ("CNPC Capital") and CNPC Kunlun Capital Company Limited ("Kunlun Capital") entered into a capital increase agreement, pursuant to which the new registered capital under the capital increase (the total subscription price of which is RMB11.6 billion) will be fully subscribed by CNPC and the Company. CNPC will contribute RMB7.395 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB7,258,306,115.08, while the Company will contribute RMB4.205 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB4,127,272,104.65; CNPC Capital, the remaining shareholder of Kunlun Capital, has waived its pre-emptive right to subscribe for the newly increased registered capital (the "Capital Increase"). Upon completion of the Capital Increase, CNPC's subscribed capital of Kunlun Capital will increase to RMB14,767,886,487.33, representing a 56.56% equity interest in Kunlun Capital, and it will remain the controlling shareholder of Kunlun Capital; the Company's subscribed capital of Kunlun Capital will increase to RMB8,397,425,649.66, representing a 32.16% equity interest in Kunlun Capital. CNPC Capital will not participate in the Capital Increase, its subscribed capital of Kunlun Capital will remain RMB2,944,933,479.31, representing an 11.28% equity interest in Kunlun Capital.

The Capital Increase constitutes a connected transaction of the Company and has been considered and approved at the 2nd meeting of the 10th session of the Board of Directors on August 28, 2026. According to the SSE Listing Rules, the Hong Kong Listing Rules, the Articles of Association and other applicable regulations, the Capital Increase is not subject to approval by the Shareholders at a general meeting. For details, please refer to the Company's announcement published on August 28, 2026 on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

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 the Group.

(2) PRC Government Issued the Preferential Import Tax Policies for the Exploration, Development and Utilization of Energy Resources during the 15th Five-Year Plan Period

On February 14, 2026, the Ministry of Finance, the General Administration of Customs and the State Taxation Administration issued the "Notice on Preferential Import Tax Policies for the Exploration, Development and Utilization of Energy Resources during the 15th Five-Year Plan Period" (Cai Guan Shui [2026] No. 16), specifying that for the period from January 1, 2026 to December 31, 2030, the import-stage VAT paid on imported natural gas (including pipeline natural gas and LNG, same as below) shall be refunded in accordance with certain ratios for cross-border natural gas pipeline projects and imported LNG receiving storage and transportation facilities approved by National Development and Reform Commission ("NDRC") and expansion projects of imported LNG receiving storage and transportation units approved by the provincial governments. The specific refund ratios are as follows: (1) for imported natural gas under the long-term gas contract signed before the end of 2014 and confirmed by NDRC, the import-stage VAT will be refunded at a rate of 70%; (2) for other natural gas, if the import price is higher than the reference benchmark value, the import-stage VAT will be refunded according to 80% of the inverted ratio of the import price and the reference benchmark value. The formula for calculating the inverted ratio = (import price – reference benchmark value) / import price, with the relevant calculation based on a quarterly cycle.

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 the Group.

DIRECTORS AND SENIOR MANAGEMENT

1. Change of Directors and senior management of the Company

On June 9, 2026, the Company convened the 2025 annual general meeting, at which the "Resolution regarding the Election of the Company's Directors" was considered and approved. As the tenure of Mr. Jiang, Simon X. has reached 6 years, he ceased to serve as an independent non-executive Director pursuant to the relevant regulatory limitation on the term of office of an independent director and simultaneously stepped down as a member of the nomination committee and a member of the audit and risk management committee of the Board. Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong were re-elected as Directors. Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y, Ms. Liu Xiaolei, Mr. Zhang Yuxin and Mr. Ng Kar Ling Johnny were elected as independent non-executive Directors.

On June 9, 2026, the 1st meeting of the 10th session of the Board was convened, at which the "Resolution regarding the Election of the Chairman and Vice Chairman of the Board" was considered and approved, pursuant to which Mr. Dai Houliang was elected as the Chairman of the Board and Mr. Zhou Xinhuai was elected as the vice chairman of the Board; the "Resolution regarding the Appointment of Members of Special Committees of the Board" was considered and approved, and having taken into account the Board re-election and the composition requirements of the special committees and the professional expertise of the respective Directors, Mr. Dai Houliang was elected as the chairman of the nomination committee, Ms. Liu Xiaolei was elected as the chairwoman of the audit and risk management committee, Mr. Zhou Xinhuai was elected as the chairman of the investment and development committee, Mr. Zhang Yuxin was elected as the chairman of the examination and remuneration committee, and Mr. Ren Lixin was elected as the chairman of the sustainable development committee.

The composition of the new Board committees is as follows:

Nomination Committee: Mr. Dai Houliang as the chairman, Mr. Ho Kevin King Lun and Ms. Liu Xiaolei as members;

Audit and Risk Management Committee: Ms. Liu Xiaolei as the chairwoman, Mr. Zhou Song and Mr. Ng Kar Ling Johnny as members;

Investment and Development Committee: Mr. Zhou Xinhuai as the chairman, Mr. Ren Lixin, Mr. Xie Jun and Mr. Yan, Andrew Y as members;

Examination and Remuneration Committee: Mr. Zhang Yuxin as the chairman, Mr. Duan Liangwei and Mr. Ho Kevin King Lun as members;

Sustainable Development Committee: Mr. Ren Lixin as the chairman, Mr. Zhang Daowei, Mr. Song Dayong and Mr. Zhou Jian as members.

At the same time, the "Resolution regarding the Appointment of the President of the Company" was considered and approved, pursuant to which Mr. Ren Lixin was appointed as the president of the Company; the "Resolution regarding the Appointment of the Senior Vice Presidents, Vice Presidents and Other Senior Management of the Company" was considered and approved, pursuant to which Mr. Zhang Daowei and Mr. Song Dayong were appointed as the senior vice presidents of the Company, Mr. Wang Hua was appointed as the secretary to the Board (Company secretary) of the Company, Mr. Yang Weisheng was appointed as the vice president and chief engineer of the Company, Mr. Yang Liqiang, Mr. Dai Qinrong and Mr. Wang Guofeng were appointed as vice presidents of the Company, Mr. Jiang Tongwen was appointed as the chief geologist of the Company, Mr. Shen Fuxiao was appointed as the chief safety director of the Company, and Ms. Zhao Ying was appointed as the general counsel of the Company; the "Resolution regarding the Appointment of the Chief Financial Officer of the Company" was considered and approved, pursuant to which Mr. Wang Hua was appointed as the chief financial officer of the Company.

On June 9, 2026, Mr. Zhou Jian was elected as employee Director of the 10th session of the Board of Directors through a democratic election at the meeting of employee representatives of the Company, with his term being consistent with that of the 10th session of the Board of the Company.

2. Basic Particulars of the Current Directors and Other Senior Management

Directors

Name	Gender	Age	Position
Dai Houliang	Male	62	Chairman of the Board
Zhou Xinhuai	Male	55	Vice Chairman and Non-executive Director
Duan Liangwei	Male	58	Non-executive Director
Zhou Song	Male	54	Non-executive Director
Ren Lixin	Male	59	Executive Director and President
Xie Jun	Male	58	Non-executive Director
Zhang Daowei	Male	53	Executive Director and Senior Vice President
Song Dayong	Male	53	Executive Director and Senior Vice President
Ho Kevin King Lun	Male	50	Independent Non-executive Director
Yan, Andrew Y	Male	68	Independent Non-executive Director
Liu Xiaolei	Female	52	Independent Non-executive Director
Zhang Yuxin	Male	63	Independent Non-executive Director
Ng Kar Ling Johnny	Male	65	Independent Non-executive Director
Zhou Jian	Male	55	Employee Director

Senior Management

Name	Gender	Age	Position
Wang Hua	Male	52	Chief Financial Officer and Secretary to the Board (Company Secretary)
Yang Weisheng	Male	54	Vice President and Chief Engineer
Yang Liqiang	Male	56	Vice President
Dai Qinrong	Male	44	Vice President
Wang Guofeng	Male	45	Vice President
Jiang Tongwen	Male	58	Chief Geologist
Shen Fuxiao	Male	56	Chief Safety Director
Zhao Ying	Female	58	General Counsel

3. Shareholdings of the Directors and Senior Management

As of June 30, 2026, no current Directors or other senior management of the Company or those ceased to be Directors or senior management of the Company during the Reporting Period held any shares of the Company.

4. Change in Information

Below are the changes in information of the Directors and chief executives of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules:

None.

RELEVANT INFORMATION ON THE BONDS

1. Information on Bonds of the Company Issued and Not Yet Due

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	2012-11-22	2012-11-22	2027-11-22	20	5.04	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2024 First Tranche (Lvseliangxin) Medium-term Notes	24 PetroChina MTN001 (Lvseliangxin)	102484131.IB	2024-09-13	2024-09-14	2034-09-14	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 Notes	24 PetroChina MTN002	102484130.IB	2024-09-13	2024-09-14	2029-09-14	100	2.08	Annual payment of interests, and one lump sum repayment of principal at maturity	National Inter-bank Bond Market

Notes:

1. Trading venue: the trading venue for 12 PetroChina 03 is the Shanghai Stock Exchange, and the trading venue for 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002 is the National Inter-bank Bond Market.
2. Repayment of principal and payment of interest: for 12 PetroChina 03, 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 is offered and traded publicly to public investors (ordinary investors); 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002 are offered and traded publicly to institutional investors in the National Inter-bank Bond Market.
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; circulation and transfer in the National Inter-bank Bond Market are applicable to 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002.
5. Interest Payment Redemption: during the Reporting Period, the principal and interest of 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 26 PetroChina SCP001 (Scientific and Technological Innovation Bonds), 26 PetroChina SCP002 (Scientific and Technological Innovation Bonds) were duly paid; the interest of 12 PetroChina 03, 24 PetroChina MTN001 (Lvseliangxin) and 24 PetroChina MTN002 were duly paid.
6. The bonds issued by the Company were not overdue 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. Information on Follow-up Credit Rating of Bonds

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

3. Credit Enhancement Mechanism, Debt Repayment Plan and Other Safeguard Measures for Debt Repayment

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

4. 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.

5. Key Financial Data and Financial Indicators Relating to Corporate Bonds

Items	As of June 30, 2026	As of December 31, 2025
Liquidity ratio	1.15	1.11
Quick ratio	0.85	0.83
Asset-liability ratio (%)	38.88	36.06

Items	For the first half of 2026	For the first half of 2025
Earnings before interest, taxes, depreciation and amortization (EBITDA) (RMB millions)	280,013	253,900
Net profit after deducting non-recurring profit/loss items (RMB millions)	116,710	94,965
Net cash flows used for investing activities (RMB millions)	(128,365)	(121,306)
Net cash flows used for financing activities (RMB millions)	(98,041)	(54,946)
Cash and cash equivalents at the end of the period (RMB millions)	227,205	224,125
EBITDA to Total Debt Ratio	1.20	1.04
Debt service coverage ratio	38.31	26.80
Cash debt service coverage ratio	40.28	34.92
EBITDA to Interest Coverage Ratio	69.43	51.60
Loan repayment ratio (%)	100	100
Interest coverage ratio (%)	100	100

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2026

(All amounts in RMB millions unless otherwise stated)

ASSETS	Note	June 30, 2026 The Group	December 31, 2025 Note The Group	June 30, 2026 The Company	December 31, 2025 The Company
Current assets					
Cash at bank and on hand	7	274,749	238,909	106,014	39,250
Financial assets held for trading		7,145	6,175	-	-
Derivative financial assets	8	20,053	9,342	525	14
Accounts receivable	9	109,070	77,929	12,428	5,807
Receivables financing	10	3,439	1,864	3,296	1,742
Advances to suppliers	11	15,615	14,673	8,738	7,615
Other receivables	12	40,706	29,118	14,637	9,665
Inventories	13	189,787	150,598	111,451	90,786
Other current assets	14	71,252	70,661	47,635	42,423
Total current assets		731,816	599,269	304,724	197,302
Non-current assets					
Investments in other equity instruments		1,267	1,324	183	147
Long-term equity investments	15	311,487	303,575	605,377	593,573
Fixed assets	16	550,919	558,554	292,133	292,101
Oil and gas properties	17	818,280	865,782	641,629	671,137
Construction in progress	18	228,069	217,263	129,755	129,407
Right-of-use assets	19	168,778	125,970	103,090	58,883
Intangible assets	20	92,224	93,465	63,478	65,290
Goodwill	21	7,031	7,263	77	77
Long-term prepaid expenses	22	18,351	18,270	8,647	9,317
Deferred tax assets	36	32,788	30,056	6,545	5,410
Other non-current assets	23	63,262	42,667	69,078	64,248
Total non-current assets		2,292,456	2,264,189	1,919,992	1,889,590
TOTAL ASSETS		3,024,272	2,863,458	2,224,716	2,086,892

Note : The comparative amounts in the financial statements are presented as if Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. ("Gas Storage") had been consolidated from the beginning of the earliest financial year presented (see Note 6(2)).

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2026 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	June 30, 2026 The Group	December 31, 2025 Note The Group	June 30, 2026 The Company	December 31, 2025 The Company
Current liabilities					
Short-term borrowings	25	45,888	34,513	56,926	36,317
Financial liabilities held for trading		2,470	4,152	-	-
Derivative financial liabilities	8	13,083	5,440	57	11
Notes payable	26	15,206	13,658	14,938	13,378
Accounts payable	27	256,049	256,028	84,904	99,975
Contract liabilities	28	85,359	84,599	60,137	67,816
Employee compensation payable	29	15,206	7,819	12,075	5,657
Taxes payable	30	66,627	51,006	36,352	28,906
Other payables	31	84,162	28,039	179,859	140,853
Current portion of non-current liabilities	32	27,518	39,467	13,414	17,335
Other current liabilities		24,833	15,508	17,193	7,419
Total current liabilities		636,401	540,229	475,855	417,667
Non-current liabilities					
Long-term borrowings	33	160,205	151,062	67,165	65,273
Debentures payable	34	15,000	15,000	15,000	15,000
Lease liabilities	19	151,280	116,365	83,229	47,716
Provisions	35	175,227	173,503	128,220	127,337
Deferred tax liabilities	36	26,924	26,641	-	-
Other non-current liabilities		10,881	9,884	6,106	4,617
Total non-current liabilities		539,517	492,455	299,720	259,943
Total liabilities		1,175,918	1,032,684	775,575	677,610
Shareholders' equity					
Share capital	37	183,021	183,021	183,021	183,021
Capital surplus	38	116,453	152,070	122,082	121,986
Special reserve		9,665	7,049	5,712	4,001
Other comprehensive income	57	(32,733)	(29,581)	672	958
Surplus reserves	39	266,528	266,528	255,436	255,436
Undistributed profits	40	1,095,262	1,038,200	882,218	843,880
Equity attributable to shareholders of the Company		1,638,196	1,617,287	1,449,141	1,409,282
Non-controlling interests	41	210,158	213,487	-	-
Total shareholders' equity		1,848,354	1,830,774	1,449,141	1,409,282
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,024,272	2,863,458	2,224,716	2,086,892

Note : The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 6(2)).

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026

(All amounts in RMB millions unless otherwise stated)

Items	Note	For the six months ended June 30, 2026 The Group	For the six months ended June 30, 2025 Note The Group	For the six months ended June 30, 2026 The Company	For the six months ended June 30, 2025 The Company
Operating income	42	1,527,491	1,450,021	968,577	871,479
Less: Cost of sales	42	(1,193,415)	(1,145,559)	(753,100)	(668,709)
Taxes and surcharges	43	(131,853)	(125,453)	(96,726)	(91,377)
Selling expenses	44	(28,515)	(28,693)	(19,209)	(19,785)
General and administrative expenses	45	(30,509)	(32,307)	(17,707)	(19,448)
Research and development expenses	46	(12,887)	(9,899)	(10,945)	(8,446)
Finance expenses	47	(5,618)	(6,336)	(4,698)	(4,409)
Including: Interest expenses		8,622	9,321	4,182	5,258
Interest income		3,028	3,723	904	1,129
Add: Other income	48	7,837	8,418	7,475	8,072
Investment income	49	16,198	7,874	25,051	17,804
Including: Income from investment in associates and joint ventures		11,382	9,676	8,148	6,943
Gains from changes in fair value	50	3,155	5,082	373	305
Credit impairment reversal	51	128	101	27	11
Asset impairment losses	52	(3,404)	(510)	(227)	(15)
Gains from asset disposal	53	62	992	24	723
Operating profit		148,670	123,731	98,915	86,205
Add: Non-operating income	54(a)	743	1,559	639	1,166
Less: Non-operating expenses	54(b)	(3,550)	(2,749)	(3,078)	(3,146)
Profit before taxation		145,863	122,541	96,476	84,225
Less: Taxation	55	(30,752)	(27,697)	(12,388)	(10,756)
Net profit		115,111	94,844	84,088	73,469
Classified by continuity of operations:					
Net profit from continuous operation		115,111	94,844	84,088	73,469
Net profit from discontinued operation		-	-	-	-
Classified by ownership:					
Shareholders of the Company		103,934	85,171	84,088	73,469
Non-controlling interests		11,177	9,673	-	-
Other comprehensive income, net of tax		(7,171)	(347)	(286)	(8)
Other comprehensive income (net of tax) attributable to shareholders of the Company	57	(4,263)	(170)	(286)	(8)
(1) Item that will not be reclassified to profit or loss					
Changes in fair value of investments in other equity instruments		(40)	(18)	26	(16)
(2) Items that may be reclassified to profit or loss					
Other comprehensive income recognised under equity method		(418)	(344)	(456)	(38)
Cash flow hedges		(613)	(933)	144	46
Currency translation differences		(3,192)	1,125	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		(2,908)	(177)	-	-
Total comprehensive income		107,940	94,497	83,802	73,461
Attributable to:					
Shareholders of the Company		99,671	85,001	83,802	73,461
Non-controlling interests		8,269	9,496	-	-
Earnings per share					
Basic earnings per share (RMB Yuan)	56	0.57	0.47	0.46	0.40
Diluted earnings per share (RMB Yuan)	56	0.57	0.47	0.46	0.40

Note：For a business combination involving entities under common control which occurred in 2026, the combined net profit of Gas Storage before being consolidated was RMB1,178 for the six months ended June 30, 2025.

The accompanying notes form an integral part of these financial statements

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026

(All amounts in RMB millions unless otherwise stated)

Items	Note	For the six months ended June 30, 2026 The Group	For the six months ended June 30, 2025 Note The Group	For the six months ended June 30, 2026 The Company	For the six months ended June 30, 2025 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		1,604,121	1,498,382	1,065,725	954,038
Cash received relating to other operating activities	59(a)	122,175	53,672	9,322	9,639
Sub-total of cash inflows		1,726,296	1,552,054	1,075,047	963,677
Cash paid for goods and services		(1,064,450)	(986,338)	(719,306)	(614,223)
Cash paid to and on behalf of employees		(80,148)	(77,365)	(56,504)	(54,337)
Payments of various taxes		(205,264)	(197,797)	(126,375)	(126,000)
Cash paid relating to other operating activities	59(b)	(125,153)	(63,314)	(17,339)	(22,456)
Sub-total of cash outflows		(1,475,015)	(1,324,814)	(919,524)	(817,016)
Net cash flows from operating activities	59(f)	251,281	227,240	155,523	146,661
Cash flows from investing activities					
Cash received from disposal of investments	59(c)	39,723	32,101	1,693	3,985
Cash received from returns on investments		4,996	10,851	19,789	14,665
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		347	1,124	303	270
Net cash received from disposal of subsidiaries and other business units		369	28	3	527
Sub-total of cash inflows		45,435	44,104	21,788	19,447
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(112,474)	(114,959)	(67,707)	(49,819)
Cash paid to acquire investments	59(d)	(61,164)	(50,438)	(9,875)	(5,938)
Net cash paid for the acquisition of subsidiaries and other business entities		(162)	(13)	-	-
Sub-total of cash outflows		(173,800)	(165,410)	(77,582)	(55,757)
Net cash flows used for investing activities		(128,365)	(121,306)	(55,794)	(36,310)
Cash flows from financing activities					
Cash received from capital contributions		30	498	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		30	498	-	-
Cash received from borrowings		598,440	329,324	81,006	50,722
Sub-total of cash inflows		598,470	329,822	81,006	50,722
Cash repayments of borrowings		(591,875)	(324,924)	(68,060)	(41,831)
Consideration paid for business combinations under common control		(39,733)	-	-	-
Cash payments for interest expenses and distribution of dividends or profits		(53,546)	(53,827)	(42,328)	(45,019)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(5,809)	(5,959)	-	-
Cash payments relating to other financing activities	59(e)	(11,357)	(6,017)	(10,184)	(4,400)
Sub-total of cash outflows		(696,511)	(384,768)	(120,572)	(91,250)
Net cash flows used for financing activities		(98,041)	(54,946)	(39,566)	(40,528)
Effect of foreign exchange rate changes on cash and cash equivalents		(3,833)	655	-	-
Net increase in cash and cash equivalents	59(g)	21,042	51,643	60,163	69,823
Add: Cash and cash equivalents at the beginning of the period		206,163	172,482	35,673	25,139
Cash and cash equivalents at the end of the period	59(i)	227,205	224,125	95,836	94,962

Note : The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 6(2)).

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2026

(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, 2025	183,021	121,812	6,747	(30,748)	252,305	982,234	1,515,371	194,492	1,709,863
Adjusted for the acquisition of Gas Storage(Note 6(2))	-	31,075	17	-	-	366	31,458	-	31,458
Balance at January 1, 2025 (restated)	183,021	152,887	6,764	(30,748)	252,305	982,600	1,546,829	194,492	1,741,321
Changes in the six months ended June 30, 2025									
Total comprehensive income	-	-	-	(170)	-	85,171	85,001	9,496	94,497
Special reserve - safety fund reserve									
Appropriation	-	-	3,449	-	-	-	3,449	383	3,832
Utilisation	-	-	(769)	-	-	-	(769)	(117)	(886)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(45,755)	(45,755)	(7,048)	(52,803)
Other equity movement									
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	498	498
Disposal of subsidiaries	-	-	-	-	-	-	-	(520)	(520)
Others	-	(53)	-	(14)	-	(1,433)	(1,500)	65	(1,435)
Balance at June 30, 2025	183,021	152,834	9,444	(30,932)	252,305	1,020,583	1,587,255	197,249	1,784,504
Balance at January 1, 2026	183,021	120,965	7,029	(29,581)	266,528	1,038,099	1,586,061	213,487	1,799,548
Adjusted for the acquisition of Gas Storage(Note 6(2))	-	31,105	20	-	-	101	31,226	-	31,226
Balance at January 1, 2026 (restated)	183,021	152,070	7,049	(29,581)	266,528	1,038,200	1,617,287	213,487	1,830,774
Changes in the six months ended June 30, 2026									
Total comprehensive income	-	-	-	(4,263)	-	103,934	99,671	8,269	107,940
Special reserve - safety fund reserve									
Appropriation	-	-	3,576	-	-	-	3,576	433	4,009
Utilisation	-	-	(960)	-	-	-	(960)	(136)	(1,096)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(45,755)	(45,755)	(7,480)	(53,235)
Other equity movement									
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	30	30
Acquisition of Gas Storage	-	(35,542)	-	-	-	-	(35,542)	(4,191)	(39,733)
Disposal of subsidiaries	-	-	-	-	-	-	-	(163)	(163)
Change in functional currency of subsidiaries	-	-	-	1,111	-	(1,111)	-	-	-
Others	-	(75)	-	-	-	(6)	(81)	(91)	(172)
Balance at June 30, 2026	183,021	116,453	9,665	(32,733)	266,528	1,095,262	1,638,196	210,158	1,848,354

Note : The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 6(2)).

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2026

(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, 2025	183,021	122,368	3,648	1,347	241,213	802,290	1,353,887
Changes in the six months ended June 30, 2025							
Total comprehensive income	-	-	-	(8)	-	73,469	73,461
Special reserve - safety fund reserve							
Appropriation	-	-	2,477	-	-	-	2,477
Utilisation	-	-	(565)	-	-	-	(565)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(45,755)	(45,755)
Others	-	(66)	-	-	-	(151)	(217)
Balance at June 30, 2025	183,021	122,302	5,560	1,339	241,213	829,853	1,383,288
Balance at January 1, 2026	183,021	121,986	4,001	958	255,436	843,880	1,409,282
Changes in the six months ended June 30, 2026							
Total comprehensive income	-	-	-	(286)	-	84,088	83,802
Special reserve - safety fund reserve							
Appropriation	-	-	2,428	-	-	-	2,428
Utilisation	-	-	(717)	-	-	-	(717)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(45,755)	(45,755)
Others	-	96	-	-	-	5	101
Balance at June 30, 2026	183,021	122,082	5,712	672	255,436	882,218	1,449,141

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Ren Lixin	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 August 28, 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 financial statements for the six months ended June 30, 2026 truly, accurately and completely present the consolidated and company's financial position as of June 30, 2026 and their financial performance and their cash flows for the six months 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 asset 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 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 be considered;
- 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 shall 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.

(All amounts in RMB millions unless otherwise stated)

(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 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 shall be determined as trial operation sales. Related income and cost are presented respectively in financial statements according to the daily activities and non-daily activities. The related income and cost which are generated from daily activities are shown in “Operating income” and “Cost of sales”, and that which are 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 stations.

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 makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The Group has similar defined contribution plans for its employees in its overseas operations. 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;
- 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.

(32) Change in significant accounting policy

The Ministry of Finance issued the Circular on Issuing Interpretation No. 20 to the Accounting Standards for Business Enterprises ("Interpretation No. 20") in 2026, which regulates the following matters:

- Assessment of the contractual cash flow characteristics of financial assets;
- Accounting treatment and relevant disclosures when a currency lacks exchangeability.

The Group has adopted the Interpretation No. 20 in preparing the financial statements for the six months ended June 30, 2026. The adoption of this requirement does not have a significant effect on the financial position and financial performance of the Group.

(All amounts in RMB millions unless otherwise stated)

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 yuan per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB1.2 yuan 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 are 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 yuan	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. According to "Notice Concerning Import Tax Policies Related to Exploration, Development and Utilisation of Energy Resources During the 15th Five-Year Plan Period" (Cai Guan Shui [2026] No.16) jointly issued by Ministry of Finance, General Administration of Customs and State Taxation Administration on February 13, 2026, for the period from January 1, 2026 to December 31, 2030, the import VAT of the import link shall continue to 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 China's oceans, emergency rescue projects for offshore oil and gas pipelines. 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 in China's oceans approved by the State.

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%.

(All amounts in RMB millions unless otherwise stated)

6 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Principal subsidiaries

Company name	Acquisition method	Country of incorpor-ation	Registered capital	Principal activities	Type of legal entity	Legal repre-sentative	Closing effective invest-ment cost	Attributable equity interest %		Attribu-table voting rights %	Consoli-dated 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	Wang Guofeng	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 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,PRC	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 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 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	-	54.51	54.51	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	37,725	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.

(All amounts in RMB millions unless otherwise stated)

(2) Business combination involving entities under common control

Business combinations involving entities under common control that occurred during the year:

Name of acquiree	Proportion of equity interests acquired in business combination	Basis for business combination under common control	Acquisit-iondate	Basis for determin-ation of acquisition date	From the beginning of the period to the acquisition date			For the six months ended June 30, 2025	
					Revenue	Net profit	Net change in cash and cash equivalents	Revenue	Net profit
Xinjiang Oilfield Gas Storage Co., Ltd.	51.00%	The Company and Xinjiang Oilfield Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and this control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	1,002	490
Chongqing Xiangguosi Gas Storage Co., Ltd.	51.00%	The Company and Chongqing Xiangguosi Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and this control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	560	275
Liaohe Oilfield (Panjin) Gas Storage Co., Ltd.	50.49%	The Company and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and this control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	968	413
Total					-	-	-	2,530	1,178

Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. were founded in January 2022, October 2016 and November 2021. On August 26, 2025, the 14th meeting of the 9th Board of the Company approved the Proposal on the Establishment of a Joint Venture between Taihu Investment and Grid Energy Storage and the Acquisition of 100% Equity of Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage 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. Taihu Company holds 51.00%, 51.00% and 50.49% equity of the three new joint venture companies. These three new joint venture companies in December 2025 respectively entered into "Equity Acquisition Agreements" with Xinjiang Petroleum Administration Bureau Co., Ltd., Sichuan 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. The consideration of the transaction amounted to RMB16,937, RMB9,918 and RMB12,878 and was recorded as an equity transaction.

The book value of assets and liabilities of the acquiree on the acquisition date and December 31, 2025:

(All amounts in RMB millions unless otherwise stated)

	Xinjiang Oilfield Gas Storage Co., Ltd.	Chongqing Xiangguosi Gas Storage Co., Ltd.	Liaohe Oilfield (Panjin) Gas Storage Co., Ltd.	
	Acquisition date and December 31,2025	Acquisition date and December 31,2025	Acquisition date and December 31,2025	Total
Total current assets	1,754	1,187	1,031	3,972
Total assets	13,128	7,911	14,402	35,441
Total current liabilities	156	23	1,250	1,429
Total liabilities	158	46	4,011	4,215
Total shareholders' equity	12,970	7,865	10,391	31,226

(3) Exchange rates of international operations' major financial statement items

	Assets and liabilities	
Company name	June 30, 2026	December 31,2025
PetroKazakhstan Inc.	1 USD =6.8109RMB	1 USD =7.0288 RMB
PetroChina Hong Kong Limited	1 HKD =0.8686RMB	1 HKD =0.9032 RMB
Singapore Petroleum Company Limited	1 USD =6.8109RMB	1 USD =7.0288 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

	June 30, 2026	December 31,2025
Cash on hand	11	7
Cash at bank	271,729	236,613
Other monetary funds	3,009	2,289
	274,749	238,909

The Group's cash at bank and on hand included the following foreign currencies as of June 30, 2026:

Foreign Name	Foreign currency	Exchange rate	RMB equivalent
USD	14,475	6.8109	98,588
HKD	8,708	0.8686	7,564
KZT	173,619	0.0140	2,431
Others			2,142
			110,725

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

(All amounts in RMB millions unless otherwise stated)

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 RMB 63,919 as of June 30, 2026 (December 31, 2025: RMB 63,776).

There were no deposits held in margin accounts were pledged as collateral for USD loan as of June 30, 2026 (December 31, 2025: Nil).

8 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative liabilities of the Group are mainly commodity futures, commodity swaps and commodity forwards contracts. See Note 61.

9 ACCOUNTS RECEIVABLE

	The Group		The Company	
	June 30, 2026	December 31,2025	June 30, 2026	December 31,2025
Accounts receivable	112,184	81,253	12,991	6,407
Less: Provision for bad debts	(3,114)	(3,324)	(563)	(600)
	109,070	77,929	12,428	5,807

The aging of accounts receivable and related provision for bad debts are analysed as follows:

	The Group					
	June 30, 2026			December 31, 2025		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	105,804	94	(195)	74,995	92	(247)
1 to 2 years	3,694	3	(1,041)	3,792	5	(1,032)
2 to 3 years	754	1	(90)	481	1	(126)
Over 3 years	1,932	2	(1,788)	1,985	2	(1,919)
	112,184	100	(3,114)	81,253	100	(3,324)

	The Company					
	June 30, 2026			December 31, 2025		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	11,917	92	(20)	5,415	85	(29)
1 to 2 years	122	1	(6)	325	5	(10)
2 to 3 years	413	3	(11)	132	2	(30)
Over 3 years	539	4	(526)	535	8	(531)
	12,991	100	(563)	6,407	100	(600)

(All amounts in RMB millions unless otherwise stated)

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:

	June 30, 2026				December 31, 2025			
	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)	4,535	4	(2,189)	48.3	4,549	6	(2,260)	49.7
Provision for bad debts on a collective basis (ii)	107,649	96	(925)	0.9	76,704	94	(1,064)	1.4
	112,184	100	(3,114)		81,253	100	(3,324)	

(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:

	June 30, 2026			December 31, 2025		
		Provision for bad debts			Provision for bad debts	
	Gross carrying amount	Lifetime ECL rates	Amount	Gross carrying amount	Lifetime ECL rates	Amount
Current	103,449	0.1%	112	73,090	0.3%	196
Within one year past due	2,062	3.3%	68	1,790	3.9%	70
One-two years past due	886	16.9%	150	734	14.9%	109
Two-three years past due	609	12.8%	78	434	28.1%	122
Over three years past due	643	80.4%	517	656	86.4%	567
	107,649		925	76,704		1,064

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, the top five debtors of accounts receivable of the Group amounted to RMB35,327, representing 31% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts was RMB956 (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).

For the six months ended June 30, 2026 and the six months ended June 30, 2025, 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. For the six months ended June 30, 2026, 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 RMB723 and RMB29,147(For the six months ended June 30, 2025: RMB7,400 and RMB6,790) respectively, with the losses on discount of RMB55 recognised in profit or loss (For the six months ended June 30, 2025: RMB13).

As of June 30, 2026 and December 31, 2025, all receivables financing of the Group are due within one year.

11 ADVANCES TO SUPPLIERS

	June 30, 2026	December 31,2025
Advances to suppliers	16,320	15,378
Less: Provision for impairment	(705)	(705)
	15,615	14,673

As of June 30, 2026 and December 31, 2025, advances to suppliers of the Group were mainly aged within one year.

As of June 30, 2026, the top five debtors of advances to suppliers of the Group amounted to RMB6,560, representing 40% of total advances to suppliers (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).

(All amounts in RMB millions unless otherwise stated)

12 OTHER RECEIVABLES

	The Group		The Company	
	June 30, 2026	December 31,2025	June 30, 2026	December 31,2025
Dividends receivable	140	71	1,901	3,004
Others (a)	40,566	29,047	12,736	6,661
Total	40,706	29,118	14,637	9,665

(a) The aging of other receivables and the related provision for bad debts are analysed as follows:

	The Group					
	June 30, 2026			December 31, 2025		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	34,175	78	(146)	23,492	72	(262)
1 to 2 years	2,521	5	(179)	1,670	5	(81)
2 to 3 years	2,965	7	(197)	2,594	8	(152)
Over 3 years	4,360	10	(2,933)	4,765	15	(2,979)
	44,021	100	(3,455)	32,521	100	(3,474)

	The Company					
	June 30, 2026			December 31, 2025		
	Amount	Percentage %	Provision for bad debts	Amount	Percentage %	Provision for bad debts
Within 1 year	10,920	76	(22)	4,764	57	(18)
1 to 2 years	852	6	(38)	392	5	(30)
2 to 3 years	472	3	(105)	422	5	(104)
Over 3 years	2,191	15	(1,534)	2,772	33	(1,537)
	14,435	100	(1,699)	8,350	100	(1,689)

(All amounts in RMB millions unless otherwise stated)

The provision for bad debts of other receivables is analysed by category as follows:

	June 30, 2026				December 31, 2025			
	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	3,719	8	(3,312)	89.1	7,226	22	(3,173)	43.9
Provision for bad debts on a collective basis	40,302	92	(143)	0.4	25,295	78	(301)	1.2
	44,021	100	(3,455)		32,521	100	(3,474)	

The aging is counted starting from the date when other receivables are recognised.

As of June 30, 2026, the top five debtors of other receivables of the Group amounted to RMB16,706, representing 38% of total other receivables, and there were no provisions for bad and doubtful debts (As of December 31, 2025, the top five debtors of other receivables of the Group amounted to RMB14,260, representing 44% of total other receivables, and for bad and doubtful debts amount to RMB22).

As of June 30, 2026 and December 31, 2025, the Group's other receivables are mainly in the first stage, i.e. Credit risk has not increased significantly since initial recognition.

During the six months ended June 30, 2026 and the six months ended June 30, 2025, the Group had no significant write-off of other receivables.

13 INVENTORIES

	June 30, 2026	December 31, 2025
Cost		
Crude oil and other raw materials	66,797	52,326
Work in progress	18,068	15,481
Finished goods	109,690	85,304
Spare parts and low-value consumables	281	241
	194,836	153,352
Less: Write down in inventories	(5,049)	(2,754)
Net book value	189,787	150,598

(All amounts in RMB millions unless otherwise stated)

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	Additions	Reductions	June 30, 2026
Associates and joint ventures (a)	313,280	11,276	(3,675)	320,881
Less: Provision for impairment (b)	(9,705)	-	311	(9,394)
	303,575			311,487

	The Company			
	December 31, 2025	Additions	Reductions	June 30, 2026
Subsidiaries (c)	363,693	4,956	(50)	368,599
Associates and joint ventures	230,247	8,313	(1,415)	237,145
Less: Provision for impairment	(367)	-	-	(367)
	593,573			605,377

As of June 30, 2026, the above-mentioned investments were not subject to restriction on conversion into cash or remittance of investment income.

(All amounts in RMB millions unless otherwise stated)

(a) Principal associates and joint ventures of the Group

Company name	Country of incorporation	Principal activities	Registered capital	Interest held% Direct	Interest held% Indirect	Voting rights %	Accounting method	Strategic decisions relating to the Group's activities
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")	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

(All amounts in RMB millions unless otherwise stated)

Investments in principal associates and joint ventures are listed below:

	Investment cost	December 31, 2025	Investment income recognised under equity method	Other comprehen-sive income	Cash dividend declared	Others	June 30, 2026
PipeChina	149,500	167,589	5,020	-	-	252	172,861
CP Finance	10,223	29,348	1,062	(432)	(301)	-	29,677
SGCC Xinyuan	10,808	11,052	174	(11)	-	14	11,229
China Marine Bunker (PetroChina) Co., Ltd.	1,298	1,146	1	(5)	-	2	1,144
Mangistau Investment B.V.	21	4,202	350	(137)	(158)	-	4,257
Trans-Asia Gas Pipeline Co., Ltd.	2,017	21,017	760	(197)	-	-	21,580

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	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Percentage of ownership interest (%)	29.90	29.90	32.00	32.00	14.79	14.79
Current assets	76,949	71,938	401,439	395,048	24,282	20,573
Non-current assets	880,311	875,293	135,199	139,248	244,520	237,473
Current liabilities	97,888	123,106	439,668	438,130	11,430	12,163
Non-current liabilities	229,530	212,969	5,320	5,543	152,426	143,699
Net assets	629,842	611,156	91,650	90,623	104,946	102,184
Net assets attributable to owners of the Company	578,130	560,497	91,650	90,623	75,900	74,706
Group's share of net assets	172,861	167,589	29,328	28,999	11,229	11,052
Goodwill	-	-	349	349	-	-
Carrying amount of interest in associates	172,861	167,589	29,677	29,348	11,229	11,052

(All amounts in RMB millions unless otherwise stated)

Summarised income statement and dividends received by the Group is as follows:

	PipeChina		CP Finance		SGCC Xinyuan	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Operating income	61,157	60,141	6,505	6,876	19,271	17,920
Net profit	18,556	18,535	3,319	3,303	2,110	1,448
Other comprehensive income	-	-	(1,349)	(119)	(71)	(29)
Total comprehensive income	18,556	18,535	1,970	3,184	2,039	1,419
Total comprehensive income attributable to owners of the Company	16,788	16,768	1,970	3,184	1,102	526
Group's share of total comprehensive income	5,020	5,014	630	1,019	163	78
Dividends received by the Group	-	-	301	56	-	-

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.	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Percentage of ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,837	1,775	8,208	9,386	45,338	43,615
Current assets	12,409	8,979	3,965	2,881	1,772	2,319
Including: cash and cash equivalents	2,203	1,931	2,536	1,657	973	2,289
Non-current liabilities	186	123	1,417	2,568	3,859	3,782
Current liabilities	10,896	7,965	2,242	1,295	91	118
Net assets	3,164	2,666	8,514	8,404	43,160	42,034
Net assets attributable to owners of the Company	2,779	2,291	8,514	8,404	43,160	42,034
Group's share of net assets	1,390	1,146	4,257	4,202	21,580	21,017
Carrying amount of interest in joint ventures	1,144	1,146	4,257	4,202	21,580	21,017

(All amounts in RMB millions unless otherwise stated)

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.	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Operating income	34,365	31,371	7,322	5,738	8	8
Finance expenses	(111)	(101)	(214)	(134)	(100)	81
Including: Interest income	40	46	19	14	40	100
Interest expense	(147)	(150)	(113)	(117)	(23)	(24)
Taxation	(49)	(28)	(393)	(240)	(155)	(562)
Net profit	549	9	700	387	1,519	1,327
Other comprehensive income	(25)	1	(274)	132	(393)	(351)
Total comprehensive income	524	10	426	519	1,126	976
Total comprehensive income attributable to owners of the Company	487	(17)	426	519	1,126	976
Group's share of total comprehensive income	244	(8)	213	260	563	488
Dividends received by the Group	-	-	158	273	-	2,800

Dividends received and receivable from associates and joint ventures were RMB1,987 for the six months ended June 30, 2026 (for the six months ended June 30, 2025: RMB5,300).

For the six months ended June 30, 2026, investments in associates and joint ventures of RMB191 (for the six months ended June 30, 2025: RMB147) were disposed, resulting in a loss of RMB3 (for the six months ended June 30, 2025: RMB2) which was included in investment income, net.

For the six months ended June 30, 2026, the share of profit and other comprehensive income in all individually immaterial associates and joint ventures accounted for using equity method in aggregate was RMB4,015 (for the six months ended June 30, 2025: RMB2,671) and RMB364 (for the six months ended June 30, 2025: RMB1,636), respectively.

(b) Provision for impairment

	December 31, 2025	Additions	Reductions	June 30, 2026
Associates and joint ventures				
Petrolera Sinovensa S.A.	(4,305)	-	127	(4,178)
Petrourica S.A.	(3,375)	-	99	(3,276)
PetroChina Shouqi Sales Company Limited	(60)	-	-	(60)
PetroChina Beiqi Sales (Beijing) Company Limited	(49)	-	-	(49)
Others	(1,916)	-	85	(1,831)
	(9,705)	-	311	(9,394)

(All amounts in RMB millions unless otherwise stated)

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2025	Additions	Reductions	June 30, 2026
Daqing Oilfield Company Limited	66,720	66,720	-	-	66,720
PetroChina Taihu (Beijing) Investment Co., Ltd.	37,725	34,983	2,742	-	37,725
PetroChina International Investment Company Limited	36,042	36,042	-	-	36,042
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		110,380	2,214	(50)	112,544
Total		363,693	4,956	(50)	368,599

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.	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Percentage of ownership interest (%)	50.00	50.00	90.00	90.00	90.00	90.00
Current assets	33,316	73,866	19,894	15,742	10,852	8,632
Non-current assets	183,617	151,091	9,891	11,388	53,952	56,657
Current liabilities	9,093	15,663	2,808	1,682	14,511	9,645
Non-current liabilities	8,152	8,994	51	51	18,951	25,948
Net assets	199,688	200,300	26,926	25,397	31,342	29,696

(All amounts in RMB millions unless otherwise stated)

Summarised income statement is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd.	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Revenue	27,231	23,547	30,805	27,780	56,194	51,506
Net profit	8,639	7,467	2,080	809	1,862	388
Total comprehensive income	4,430	7,075	2,080	809	1,862	388
Profit attributable to non-controlling interests	4,809	4,076	208	81	186	39
Dividends paid to non-controlling interests	2,793	2,324	59	84	25	2

Summarised statement of cash flow is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited		Guangdong Petrochemical Co., Ltd	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Net cash flows from operating activities	8,555	3,891	3,352	1,951	6,347	6,333

(All amounts in RMB millions unless otherwise stated)

16 FIXED ASSETS

	December 31, 2025	Additions	Reductions	June 30, 2026
Cost				
Buildings	325,401	5,631	(1,465)	329,567
Equipment and Machinery	1,031,634	16,392	(4,011)	1,044,015
Motor Vehicles	19,005	117	(237)	18,885
Others	55,275	433	(1,452)	54,256
Total	1,431,315	22,573	(7,165)	1,446,723
Accumulated depreciation				
Buildings	(160,342)	(6,922)	446	(166,818)
Equipment and Machinery	(601,637)	(18,747)	2,743	(617,641)
Motor Vehicles	(15,435)	(303)	206	(15,532)
Others	(29,802)	(1,277)	201	(30,878)
Total	(807,216)	(27,249)	3,596	(830,869)
Fixed assets, net				
Buildings	165,059			162,749
Equipment and Machinery	429,997			426,374
Motor Vehicles	3,570			3,353
Others	25,473			23,378
Total	624,099			615,854
Provision for impairment				
Buildings	(6,806)	(175)	48	(6,933)
Equipment and Machinery	(49,414)	(3)	506	(48,911)
Motor Vehicles	(125)	-	7	(118)
Others	(9,200)	(10)	237	(8,973)
Total	(65,545)	(188)	798	(64,935)
Net book value				
Buildings	158,253			155,816
Equipment and Machinery	380,583			377,463
Motor Vehicles	3,445			3,235
Others	16,273			14,405
Total	558,554			550,919

(All amounts in RMB millions unless otherwise stated)

Depreciation charged to profit or loss provided on fixed assets for the six months ended June 30, 2026 was RMB27,015(for the six months ended June 30, 2025: RMB25,526). Cost transferred from construction in progress to fixed assets was RMB23,232(for the six months ended June 30, 2025: RMB5,279).

As of June 30, 2026, the Group's fixed assets under operating leases were mainly equipment and machinery, the net book value of which amounted to RMB2,464(December 31, 2025: RMB1,565).

As of June 30, 2026, the Group's fixed assets with a book value of RMB1,025(December 31, 2025: RMB1,161) were used as collateral for long-term borrowings of RMB1,135(December 31, 2025: RMB982) (Note 33).

17 OIL AND GAS PROPERTIES

	December 31, 2025	Additions	Reductions	June 30, 2026
Cost				
Mineral interests	72,412	672	(1,804)	71,280
Wells and related facilities	3,043,702	43,451	(10,677)	3,076,476
Total	3,116,114	44,123	(12,481)	3,147,756
Accumulated depletion				
Mineral interests	(27,559)	(461)	800	(27,220)
Wells and related facilities	(2,086,554)	(88,787)	8,239	(2,167,102)
Total	(2,114,113)	(89,248)	9,039	(2,194,322)
Oil and gas properties, net				
Mineral interests	44,853			44,060
Wells and related facilities	957,148			909,374
Total	1,002,001			953,434
Provision for impairment				
Mineral interests	(35,157)	-	760	(34,397)
Wells and related facilities	(101,062)	-	305	(100,757)
Total	(136,219)	-	1,065	(135,154)
Net book value				
Mineral interests	9,696			9,663
Wells and related facilities	856,086			808,617
Total	865,782			818,280

(All amounts in RMB millions unless otherwise stated)

Depletion charged to profit or loss provided on oil and gas properties for the six months ended June 30, 2026 was RMB85,024(for the six months ended June 30, 2025: RMB86,502). Cost transferred from construction in progress to oil and gas properties was RMB36,921(for the six months ended June 30, 2025: RMB39,306).

As of June 30, 2026, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB169,615(December 31, 2025: RMB168,551). Related depletion charge for the six months ended June 30, 2026 was RMB5,447(for the six months ended June 30, 2025: RMB4,549).

18 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2025	Additions	Transferred to fixed assets or oil and gas properties	Other Reductions	June 30, 2026	Proportion of construction compared to budget	Capitalised interest expense	Including: capitalised interest expense for the period	Source of fund
Dushanzi Petrochemical Company – Tarim Phase II 1.2 million TPA Ethylene Project	21,877	14,694	4,207	(23)	-	18,878	86.4%	148	80	Self &loan
Xinjiang Oilfield Company– Xinjiang Oilfield 2.64 GW New Energy and Integrated Coal-fired Power & Carbon Capture Project (Phase I)	14,574	8,306	747	-	-	9,053	82.0%	72	44	Self &loan
Blue Ocean New Materials Co., Ltd. – High-end Polyolefins New Materials Project	11,316	3,583	3,269	(14)	-	6,838	70.0%	-	-	Self
Others		200,677	63,970	(60,116)	(1,429)	203,102		2,270	256	
		227,260	72,193	(60,153)	(1,429)	237,871		2,490	380	
Less:										
Provision for impairment		(9,997)	-	-	195	(9,802)				
		217,263				228,069				

For the six months ended June 30, 2026, the capitalised interest expense amounted to RMB380 (for the six months ended June 30, 2025: RMB351). The average annual interest rates used to determine the capitalised amount for the six months ended June 30, 2026 were 2.40% (for the six months ended June 30, 2025: 2.40%).

(All amounts in RMB millions unless otherwise stated)

19 LEASES

The leases where the Group is a lessee

Right-of-use Assets

	December 31, 2025	Additions	Reductions	June 30, 2026
Cost				
Land use rights	117,756	1,144	(2,100)	116,800
Buildings	57,601	8,827	(2,489)	63,939
Equipment and Machinery	7,533	43,958	(1,583)	49,908
Others	899	320	(50)	1,169
Total	183,789	54,249	(6,222)	231,816
Accumulated depreciation				
Land use rights	(25,183)	(2,263)	286	(27,160)
Buildings	(27,283)	(3,493)	1,717	(29,059)
Equipment and Machinery	(4,784)	(2,925)	1,494	(6,215)
Others	(493)	(71)	36	(528)
Total	(57,743)	(8,752)	3,533	(62,962)
Provision for impairment				
Buildings	(76)	-	-	(76)
Total	(76)	-	-	(76)
Net book value				
Land use rights	92,573			89,640
Buildings	30,242			34,804
Equipment and Machinery	2,749			43,693
Others	406			641
Total	125,970			168,778

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 six months ended June 30, 2026 was RMB8,654(for the six months ended June 30, 2025: RMB6,425).

(All amounts in RMB millions unless otherwise stated)

Lease Liabilities

	June 30, 2026	December 31, 2025
Lease liabilities	166,309	125,917
Less: Lease liabilities due within one year (Note 32)	(15,029)	(9,552)
	151,280	116,365

Analysis of the undiscounted cash flows of the lease liabilities is as follows：

	June 30, 2026	December 31, 2025
Within 1 year	19,993	13,541
1 to 2 years	17,707	12,164
2 to 5 years	45,414	30,039
Over 5 years	136,378	126,957
	219,492	182,701

20 INTANGIBLE ASSETS

	December 31, 2025	Additions	Reductions	June 30, 2026
Cost				
Land use rights	108,253	1,007	(111)	109,149
Franchise	23,967	855	(437)	24,385
Patents	7,010	12	(27)	6,995
Others	23,777	264	(562)	23,479
Total	163,007	2,138	(1,137)	164,008
Accumulated amortisation				
Land use rights	(37,235)	(1,357)	43	(38,549)
Franchise	(11,731)	(285)	8	(12,008)
Patents	(4,566)	(124)	3	(4,687)
Others	(14,852)	(671)	140	(15,383)
Total	(68,384)	(2,437)	194	(70,627)
Intangible assets, net				
Land use rights	71,018			70,600
Franchise	12,236			12,377
Patents	2,444			2,308
Others	8,925			8,096
Total	94,623			93,381
Provision for impairment	(1,158)	-	1	(1,157)
Net book value	93,465			92,224

(All amounts in RMB millions unless otherwise stated)

Amortisation charged to profit or loss provided on intangible assets for the six months ended June 30, 2026 was RMB2,464 (for the six months ended June 30, 2025: RMB2,333).

21 GOODWILL

	June 30, 2026	December 31, 2025
Cost		
PetroIneos Trading Limited	4,613	4,754
Singapore Petroleum Company Limited	2,999	3,095
Others	849	882
Total	8,461	8,731
Provision for impairment	(1,430)	(1,468)
Net book value	7,031	7,263

Goodwill primarily relates to the acquisition of Singapore Petroleum Company Limited and PetroIneos Trading Limited, subsidiaries in the marketing segment, completed in 2009 and 2011, respectively.

22 LONG-TERM PREPAID EXPENSES

	December 31, 2025	Additions	Reductions	June 30, 2026
Catalyst	8,944	640	(1,129)	8,455
Lease asset improvement expenses	1,213	113	(160)	1,166
Others	8,113	1,852	(1,235)	8,730
Total	18,270	2,605	(2,524)	18,351

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.

(All amounts in RMB millions unless otherwise stated)

24 PROVISION FOR ASSETS

	December 31, 2025	Additions	Reversal	Write-off and others	June 30, 2026
Provision for bad debts	6,798	100	(228)	(101)	6,569
Including:					
Provision for bad debts of accounts receivable	3,324	76	(215)	(71)	3,114
Provision for bad debts of other receivables	3,474	24	(13)	(30)	3,455
Provision for impairment of advances to suppliers	705	-	-	-	705
Provision for declines in the value of inventories	2,754	3,461	(57)	(1,109)	5,049
Provision for impairment of long-term equity investments	9,705	-	-	(311)	9,394
Provision for impairment of fixed assets	65,545	-	-	(610)	64,935
Provision for impairment of oil and gas properties	136,219	-	-	(1,065)	135,154
Provision for impairment of construction in progress	9,997	-	-	(195)	9,802
Provision for impairment of intangible assets	1,158	-	-	(1)	1,157
Provision for impairment of goodwill	1,468	-	-	(38)	1,430
Provision for impairment of right-of-use assets	76	-	-	-	76
Provision for impairment of other non-current assets	317	-	-	(6)	311
Total	234,742	3,561	(285)	(3,436)	234,582

25 SHORT-TERM BORROWINGS

	June 30, 2026	December 31, 2025
Guarantee - USD	2,086	930
Pledge - RMB	160	-
Unsecured - RMB	13,460	5,096
Unsecured - USD	27,792	24,940
Unsecured - JPY	2,324	3,544
Unsecured - Others	66	3
	45,888	34,513

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, 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, 2025, there were no USD pledge loans).

The weighted average interest rate for short-term borrowings as of June 30, 2026 was 3.14% per annum (December 31, 2025: 3.26%).

26 NOTES PAYABLE

As of June 30, 2026, notes payable mainly represented bank acceptance (As of December 31, 2025, 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			
	June 30, 2026		December 31, 2025	
	Amount	Percentage of total balance %	Amount	Percentage of total balance %
Within 1 year	240,742	94	241,621	94
1 to 2 years	6,383	2	4,070	2
2 to 3 years	1,336	1	1,846	1
Over 3 years	7,588	3	8,491	3
	256,049	100	256,028	100

As of June 30, 2026, accounts payable aged over one year amounted to RMB15,307(December 31, 2025: RMB14,407), 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 June 30, 2026, the contract liabilities aged over one year amounted to RMB4,061(December 31, 2025: RMB2,447). The majority of related obligations were expected to be performed with corresponding revenue recognised within one year.

(All amounts in RMB millions unless otherwise stated)

29 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2025	Additions	Reductions	June 30, 2026
Short-term employee benefits	7,789	73,755	(66,374)	15,170
Post-employment benefits-defined contribution plans	25	13,374	(13,373)	26
Termination benefits	5	64	(59)	10
	7,819	87,193	(79,806)	15,206

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, 2025	Additions	Reductions	June 30, 2026
Wages, salaries and allowances	3,047	55,718	(48,661)	10,104
Staff welfare	-	3,486	(3,486)	-
Social security contributions	383	6,413	(6,493)	303
Including:				
Medical insurance	367	5,862	(5,943)	286
Work-related injury insurance	13	532	(532)	13
Maternity insurance	3	19	(18)	4
Housing provident funds	6	6,277	(6,277)	6
Labour union funds and employee education funds	4,320	1,799	(1,394)	4,725
Others	33	62	(63)	32
	7,789	73,755	(66,374)	15,170

(3) Post-employment benefits-defined contribution plans

	December 31, 2025	Additions	Reductions	June 30, 2026
Basic pension insurance	18	8,523	(8,520)	21
Unemployment insurance	1	305	(305)	1
Annuity	6	4,546	(4,548)	4
	25	13,374	(13,373)	26

As of June 30, 2026, employee benefits payable did not contain any balance in arrears.

(All amounts in RMB millions unless otherwise stated)

30 TAXES PAYABLE

	June 30, 2026	December 31, 2025
Levy for mineral rights concessions payable	8,717	12,365
Income tax payable	13,411	10,123
Consumption tax payable	13,434	12,118
Value added tax payable	12,125	5,735
Crude oil special gain levy payable	9,915	61
Others	9,025	10,604
	66,627	51,006

31 OTHER PAYABLES

As of June 30, 2026, other payables mainly comprised construction fee payables, deposit, earnest money, caution money and insurance payables. Other payables aged over one year amounted to RMB7,638(December 31, 2025: RMB4,186).

32 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2026	December 31, 2025
Long-term borrowings due within one year	12,008	20,213
Debentures payable due within one year	279	9,377
Long-term payables due within one year	202	325
Lease liabilities due within one year	15,029	9,552
	27,518	39,467

33 LONG-TERM BORROWINGS

	June 30, 2026	December 31, 2025
Guarantee - RMB	450	461
Pledge - RMB	925	917
Mortgage - RMB	1,135	982
Unsecured - RMB	100,163	97,808
Unsecured - USD	69,515	71,074
Unsecured - Others	25	33
	172,213	171,275
Less: Long-term borrowings due within one year (Note 32)	(12,008)	(20,213)
	160,205	151,062

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, the above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries, and the RMB pledge borrowings amounted to RMB925(2025: RMB 917), were mainly pledged by natural gas charging rights. As of June 30, 2026, the secured liabilities were secured by fixed assets with a book value of RMB1,025; construction in progress with a book value of RMB150 and intangible assets with a book value of RMB136 (for the six months ended June 30, 2025: fixed assets with a book value of RMB1,006; construction in progress with a book value of RMB154 and intangible assets with a book value of RMB79).

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:

	June 30, 2026	December 31, 2025
Within one year	15,432	23,441
Between one and two years	15,649	13,292
Between two and five years	97,039	30,746
After five years	62,933	122,567
	191,053	190,046

The weighted average interest rate for long-term borrowings as of June 30, 2026 was 2.80% (December 31, 2025: 2.98%).

The fair value of long-term borrowings (including long-term borrowings due within one year) amounted to RMB167,968(December 31, 2025: RMB167,072). 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).

(All amounts in RMB millions unless otherwise stated)

34 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of Debentures	Annual interest rate%	December 31, 2025	Principal Additions	Changes in interest payable	Principal Reductions	June 30, 2026
2012 PetroChina Company Limited Corporate Debentures first tranche - 15 years	November 22, 2012	15 - year	5.04	2,010	-	50	-	2,060
2016 PetroChina Company Limited Corporate Debentures first tranche - 10 years	January 18, 2016	10 - year	3.50	4,856	-	(156)	(4,700)	-
2016 PetroChina Company Limited Corporate Debentures second tranche - 10 years	March 1, 2016	10 - year	3.70	2,371	-	(71)	(2,300)	-
2016 PetroChina Company Limited Corporate Debentures third tranche - 10 years	March 22, 2016	10 - year	3.60	2,056	-	(56)	(2,000)	-
2024 PetroChina Company Limited first tranche green two-new medium-term notes - 10 years	September 13, 2024	10 - year	2.24	3,022	-	33	-	3,055
2024 PetroChina Company Limited second tranche medium-term notes – 5 years	September 13, 2024	5- year	2.08	10,062	-	102	-	10,164
				24,377	-	(98)	(9,000)	15,279
Less: Debentures Payable due within one year (Note 32)				(9,377)				(279)
				15,000				15,000

(All amounts in RMB millions unless otherwise stated)

The above-mentioned debentures were issued at the par value, without premium or discount.

As of June 30, 2026, the above-mentioned debentures which were guaranteed by CNPC amounted to RMB2,000 (December 31, 2025: RMB2,000).

The fair value of the debentures amounted to RMB15,327 (December 31, 2025: RMB24,189). 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, 2025	Additions	Reductions	June 30, 2026
Asset retirement obligations	173,503	3,215	(1,491)	175,227

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

	June 30, 2026		December 31, 2025	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Impairment, depreciation and depletion of assets	12,889	57,610	11,783	49,827
Lease liabilities	36,489	160,992	30,146	123,014
Provisions - Asset retirement obligations	42,076	175,227	42,126	173,503
Wages and welfare	1,455	5,985	1,207	5,139
Carry forward of losses	2,815	10,697	2,431	9,984
Others	17,127	62,786	14,361	59,441
	112,851	473,297	102,054	420,908

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, certain subsidiaries of the Company did not recognise deferred tax asset of deductible tax losses carried forward of RMB101,015, of which RMB208 was incurred for the six months ended June 30, 2026, because it was not probable that the related tax benefit will be realised. These deductible tax losses carried forward of RMB267, RMB38, RMB58, RMB2,071 and RMB98,581 will expire in 2026, 2027, 2028, 2029, and 2030 and thereafter, respectively.

(b) Deferred tax liabilities

	June 30, 2026		December 31, 2025	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of assets	23,321	80,690	23,099	85,378
Right-of-use assets	36,660	148,109	27,841	115,069
Oil and gas properties - Asset retirement obligations	10,872	56,603	11,256	51,952
Others	36,134	152,242	36,443	171,448
	106,987	437,644	98,639	423,847

Deferred tax assets and liabilities after offset are listed as below:

	June 30, 2026	December 31, 2025
Deferred tax assets	32,788	30,056
Deferred tax liabilities	26,924	26,641

37 SHARE CAPITAL

	June 30, 2026	December 31, 2025
H shares	21,099	21,099
A shares	161,922	161,922
	183,021	183,021

(All amounts in RMB millions unless otherwise stated)

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, 2025	Additions	Reductions	June 30, 2026
Capital premium	89,431	-	-	89,431
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Acquisition of subsidiaries	25,126	-	(35,542)	(10,416)
Others	(3,442)	-	(75)	(3,517)
	152,070	-	(35, 617)	116,453

(All amounts in RMB millions unless otherwise stated)

39 SURPLUS RESERVES

	December 31, 2025	Additions	Reductions	June 30, 2026
Statutory Surplus Reserves	266,488	-	-	266,488
Discretionary Surplus Reserves	40	-	-	40
	266,528	-	-	266,528

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 six months ended June 30, 2026 (for the six months ended June 30, 2025: Nil).

40 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Undistributed profits at the beginning of the period	1,038,200	982,600
Add: Net profit attributable to shareholders of the Company	103,934	85,171
Less: Dividends payable to ordinary shares	(45,755)	(45,755)
Others	(1,117)	(1,433)
Undistributed profits at the end of the period	1,095,262	1,020,583

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 were approved by the shareholders in the Annual General Meeting on June 9, 2026 and were paid on June 26, 2026 (A shares) and July 31, 2026 (H shares).

As authorised by shareholders in the Annual General Meeting on June 9, 2026, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2026 of RMB0.26 yuan (inclusive of applicable tax) per share, amounting to a total of RMB47,585 on August 28, 2026. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the balance sheet.

(All amounts in RMB millions unless otherwise stated)

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	4,809	2,793	101,939
KunLun Energy Company Limited	45.49	3,242	2,547	55,781
Guangdong Petrochemical Company Limited	10.00	186	25	3,134
PetroChina Sichuan Petrochemical Company Limited	10.00	208	59	2,693
Others				46,611
				210,158

42 OPERATING INCOME AND COST OF SALES

	The Group			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Principal operations (b)	1,500,556	1,158,020	1,420,707	1,108,138
Other operations (c)	26,935	35,395	29,314	37,421
Total	1,527,491	1,193,415	1,450,021	1,145,559
Including: Revenue from contracts with customers (a)	1,526,936		1,449,468	
Other revenue	555		553	

	The Company			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Principal operations (b)	945,564	719,330	849,064	638,608
Other operations (c)	23,013	33,770	22,415	30,101
Total	968,577	753,100	871,479	668,709
Including: Revenue from contracts with customers (a)	968,015		871,042	
Other revenue	562		437	

(All amounts in RMB millions unless otherwise stated)

(a) Revenue from contracts with customers

For the six months ended June 30, 2026 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	272,353	-	405,023	-	-	677,376
Natural gas(i)	74,005	-	233,189	302,479	-	609,673
Refined products	-	440,299	586,817	-	-	1,027,116
Chemical products	-	129,450	22,990	-	-	152,440
Pipeline transportation business	-	-	-	579	-	579
Non-oil sales in gas stations	-	-	11,628	-	-	11,628
Others	93,455	2,450	1,367	16,193	1,414	114,879
Intersegment elimination	(368,447)	(384,331)	(282,160)	(31,185)	(632)	(1,066,755)
Total	71,366	187,868	978,854	288,066	782	1,526,936
Geographical Region						
China's mainland	32,284	187,868	414,623	288,066	782	923,623
Others	39,082	-	564,231	-	-	603,313
Total	71,366	187,868	978,854	288,066	782	1,526,936

For the six months ended June 30, 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	270,249	-	357,162	-	-	627,411
Natural gas(i)	73,972	-	213,722	292,108	-	579,802
Refined products	-	446,508	563,326	-	-	1,009,834
Chemical products	-	105,241	22,041	-	-	127,282
Pipeline transportation business	-	-	-	498	-	498
Non-oil sales in gas stations	-	-	12,436	-	-	12,436
Others	80,782	2,376	876	18,139	1,839	104,012
Intersegment elimination	(358,243)	(388,479)	(246,853)	(18,090)	(142)	(1,011,807)
Total	66,760	165,646	922,710	292,655	1,697	1,449,468
Geographical Region						
China's mainland	30,644	165,646	462,332	292,655	1,697	952,974
Others	36,116	-	460,378	-	-	496,494
Total	66,760	165,646	922,710	292,655	1,697	1,449,468

(i) Including conventional and unconventional natural gas

(All amounts in RMB millions unless otherwise stated)

Type of contract	The Company	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Type of goods and services		
Crude oil	223,637	212,096
Natural gas	359,065	345,509
Refined products	722,344	730,389
Chemical products	132,744	107,049
Non-oil sales in gas stations	10,220	10,437
Others	71,329	58,396
Intersegment elimination	(551,324)	(592,834)
Total	968,015	871,042

Revenue from contracts with customers is mainly recognised at a point in time.

(b) Income and cost of sales from principal operations

	The Group			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Oil, Gas and New energy	430,809	272,907	415,712	272,583
Refining, Chemicals and New materials	569,749	432,093	551,749	426,869
Marketing	1,248,532	1,213,010	1,156,557	1,122,936
Natural Gas Sales	317,863	289,023	308,071	285,574
Head Office and Other	358	286	425	83
Intersegment elimination	(1,066,755)	(1,049,299)	(1,011,807)	(999,907)
Total	1,500,556	1,158,020	1,420,707	1,108,138

	The Company			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Oil, Gas and New energy	339,350	228,341	321,579	225,548
Refining, Chemicals and New materials	453,101	350,375	427,397	334,928
Marketing	420,147	400,920	418,382	397,734
Natural Gas Sales	283,942	264,497	274,141	260,625
Head Office and Other	348	284	399	87
Intersegment elimination	(551,324)	(525,087)	(592,834)	(580,314)
Total	945,564	719,330	849,064	638,608

(All amounts in RMB millions unless otherwise stated)

(c) Income and cost of sales from other operations

	The Group			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Sales of materials	6,842	4,606	5,461	5,272
Non-oil sales in gas stations	11,628	9,754	12,436	10,087
Others	8,465	21,035	11,417	22,062
Total	26,935	35,395	29,314	37,421

	The Company			
	For the six months ended June 30, 2026		For the six months ended June 30, 2025	
	Income	Cost	Income	Cost
Sales of materials	7,816	6,321	5,085	4,561
Non-oil sales in gas stations	10,220	8,670	10,437	8,738
Others	4,977	18,779	6,893	16,802
Total	23,013	33,770	22,415	30,101

43 TAXES AND SURCHARGES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Consumption tax	83,720	86,782
Resource tax	14,562	14,580
Crude oil special gain levy	11,085	1,998
City maintenance and construction tax	8,810	8,773
Educational surcharge	6,555	6,497
Levy for mineral rights concessions	2,174	2,293
Urban and township land use tax	1,998	2,190
Others	2,949	2,340
	131,853	125,453

(All amounts in RMB millions unless otherwise stated)

44 SELLING EXPENSES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Employee compensation costs	11,062	11,204
Depreciation, depletion and amortisation	7,096	7,238
Lease, packing, warehouse storage expenses	2,281	1,443
Others	8,076	8,808
	28,515	28,693

45 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Employee compensation costs	17,218	17,307
Depreciation, depletion and amortisation	3,664	3,550
Technology service expense	331	515
Property management expense	478	545
Other taxes	228	253
Others	8,590	10,137
	30,509	32,307

46 RESEARCH AND DEVELOPMENT EXPENSES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Employee compensation costs	5,310	4,665
Depreciation, depletion and amortisation	484	569
Fuel and material consumption	670	284
Others	6,423	4,381
	12,887	9,899

(All amounts in RMB millions unless otherwise stated)

47 FINANCE EXPENSES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Interest expenses	9,002	9,672
Including: Interest expenditure on lease liabilities	2,877	2,502
Less: Capitalised interest	(380)	(351)
Less: Interest income	(3,028)	(3,723)
Exchange losses	1,889	5,016
Less: Exchange gains	(2,583)	(4,995)
Others	718	717
	5,618	6,336

48 OTHER INCOME

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Refund of import value-added tax, relating to the import of natural gas	6,712	7,504
Refund of value-added tax, relating to the change from business tax to value-added tax	210	74
Others	915	840
	7,837	8,418

49 INVESTMENT INCOME

	The Group	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Share of net profit of associates and joint ventures	11,382	9,676
Gains on disposal of subsidiaries	105	28
Investment gains/(losses) from disposal of derivative financial instruments	6,383	(2,376)
(Losses)/gains from ineffective portion of cash flow hedges	(1,322)	290
Dividend income from investments in other equity instruments	5	13
Other investment (loss)/income	(355)	243
	16,198	7,874

(All amounts in RMB millions unless otherwise stated)

	The Company	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Dividends declared by subsidiaries	18,052	11,014
Share of net gain or loss of associates and joint ventures	8,148	6,943
Losses on disposal of subsidiaries	-	(230)
Dividend income from investments in other equity instruments	-	6
Other investment (loss)/income	(1,149)	71
	25,051	17,804

50 GAINS ON CHANGES IN FAIR VALUE

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Net fair value gains on financial assets and financial liabilities at fair value through profit or loss	3,690	4,662
Unrealised (losses)/gains from ineffective portion of cash flow hedges, net	(535)	420
	3,155	5,082

51 CREDIT IMPAIRMENT REVERSAL

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Accounts receivable	(139)	(117)
Other receivables	11	(23)
Others	-	39
	(128)	(101)

52 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Impairment losses for declines in the value of inventories	3,404	503
Impairment losses of long-term equity investments	-	5
Impairment losses for fixed assets and oil and gas properties	-	1
Impairment losses for construction in progress	-	1
	3,404	510

(All amounts in RMB millions unless otherwise stated)

53 GAINS FROM ASSET DISPOSALS

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2026
Gains from disposal of fixed assets and oil and gas properties	7	176	7
Gains/(losses) from disposal of construction in progress	8	(6)	8
Gains from disposal of intangible assets	26	186	26
Gains from disposal of other long-term assets	21	636	21
	62	992	62

54 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2026
Government grants	160	360	160
Others	583	1,199	583
	743	1,559	743

(b) Non-operating expenses

	For the six months ended June 30, 2026	For the six months ended June 30, 2025	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2026
Fines	5	77	5
Donation	253	253	253
Extraordinary loss	48	165	48
Damage or scrapping of non-current assets	287	265	287
Others	2,957	1,989	2,957
	3,550	2,749	3,550

(All amounts in RMB millions unless otherwise stated)

55 TAXATION

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Current income taxes	33,132	29,928
Deferred taxes	(2,380)	(2,231)
	30,752	27,697

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:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Profit before taxation	145,863	122,541
Tax calculated at a tax rate of 25%	36,466	30,635
Tax return true-up	(1,036)	(1,972)
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	1,599	2,555
Effect of preferential tax rate	(6,819)	(5,850)
Tax effect of income not subject to tax	(3,507)	(3,367)
Tax effect of non-deductible costs, expense and losses for tax purposes	3,779	5,405
Tax effect of temporary differences and losses not recognised as deferred tax assets	270	291
Taxation	30,752	27,697

56 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2026 and June 30, 2025 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.

(All amounts in RMB millions unless otherwise stated)

57 OTHER COMPREHENSIVE INCOME

	December 31, 2025	Amounts recognised in income statements	Amounts accumulated in other comprehensive income reclassified to retained earnings	June 30, 2026
Items that will not be reclassified to profit or loss				
Including: Changes in fair value of investments in other equity instruments	234	(40)	-	194
Items that may be reclassified to profit or loss				
Including: Other comprehensive income recognised under equity method	1,742	(418)	-	1,324
Cash flow hedges	1,557	(613)	-	944
Translation differences arising from translation of foreign currency financial statements	(33,021)	(3,192)	1,111	(35,102)
Others	(93)	-	-	(93)
Total	(29,581)	(4,263)	1,111	(32,733)

58 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by nature:

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Operating income	1,527,491	1,450,021
Less: Changes in inventories of finished goods and work in progress	(27,566)	3,814
Raw materials and consumables used	(997,045)	(984,018)
Employee benefits expenses	(85,786)	(82,723)
Depreciation, depletion and amortisation expenses	(125,528)	(122,038)
Investment gains/(losses) from disposal of derivative financial instruments	6,383	(2,376)
(Losses)/gains from ineffective portion of cash flow hedges	(1,322)	290
Gains from changes in fair value	3,155	5,082
Credit impairment reversal	128	101
Assets impairment losses	(3,404)	(510)
Lease expenses	(1,129)	(983)
Finance expenses	(5,618)	(6,336)
Other expenses	(141,089)	(136,593)
Operating profit	148,670	123,731

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 six months ended June 30, 2026, caution money received from derivatives amounted to RMB111,016(for the six months ended June 30, 2025: RMB42,609).

(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 six months ended June 30, 2026, caution money paid for derivatives amounted to RMB114,892(for the six months ended June 30, 2025: RMB35,766).

(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 six months ended June 30, 2026, cash received from time deposits with maturities over 3 months amounted to RMB36,192(for the six months ended June 30, 2025: RMB30,006).

(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 six months ended June 30, 2026, cash paid for time deposits with maturities over 3 months amounted to RMB54,183(for the six months ended June 30, 2025: RMB44,500).

(e) Cash payments relating to other financing activities

Cash paid relating to other financing activities mainly comprises cash repayments of lease liabilities. For the six months ended June 30, 2026, cash repayments of lease liabilities amounted to RMB11,357(for the six months ended June 30, 2025: RMB6,013).

(All amounts in RMB millions unless otherwise stated)

(f) Reconciliation from the net profit to the cash flows from operating activities

	The Group		The Company	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Net profit	115,111	94,844	84,088	73,469
Add: Asset impairment losses	3,404	510	227	15
Credit impairment reversal	(128)	(101)	(27)	(11)
Depreciation and depletion of fixed asset and oil and gas properties	112,039	112,028	72,177	69,486
Depreciation of right-of-use assets	8,654	6,425	6,079	3,506
Amortisation of intangible assets	2,464	2,333	2,189	1,743
Amortisation of long-term prepaid expenses	2,371	1,252	1,060	697
Gains on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(62)	(992)	(24)	(723)
Damage or scrapping of fixed assets and oil and gas properties	287	265	263	4
Exploratory dry holes	1,429	1,965	1,418	1,609
Safety fund reserve	2,913	2,946	1,711	1,912
Finance expenses	4,900	6,336	4,698	4,409
Investment income	(16,198)	(7,874)	(25,051)	(17,804)
Gains from changes in fair value	(3,155)	(5,082)	(373)	(305)
Changes in deferred taxation	(2,380)	(2,231)	(1,135)	(1,413)
(Increase)/Decrease in inventories	(42,593)	12,055	(20,892)	894
Increase in operating receivables	(32,676)	(58,259)	(23,367)	(14,824)
Increase in operating payables	94,901	60,820	52,482	23,997
Net cash flows from operating activities	251,281	227,240	155,523	146,661

(All amounts in RMB millions unless otherwise stated)

(g) Change in cash and cash equivalents

	The Group		The Company	
	For the six months ended June 30, 2026	For the six months ended June 30, 2025	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Cash and cash equivalents at the end of the period	227,205	224,125	95,836	94,962
Less: Cash and cash equivalents at the beginning of the period	(206,163)	(172,482)	(35,673)	(25,139)
Increase in cash and cash equivalents	21,042	51,643	60,163	69,823

(h) Change in liabilities from financing activities

	Bank borrowings (including bank borrowings due within one year)	Debentures payable (including debentures due within one year)	Lease liabilities (including lease liabilities due within one year)	Dividends payable	Total
December 31, 2025	205,788	24,377	125,917	1,650	357,732
Cash inflows from financing activities	598,440	-	-	-	598,440
Cash outflows from financing activities	(582,516)	(9,359)	(11,357)	(46,262)	(649,494)
Interest accrued in the current period	3,774	261	2,877	-	6,912
Dividends accrued in the current period	-	-	-	53,235	53,235
Others	(7,385)	-	48,872	-	41,487
June 30, 2026	218,101	15,279	166,309	8,623	408,312

(i) Cash and Cash Equivalents

	The Group		The Company	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
Cash and cash equivalents				
—Cash on hand	11	7	-	-
—Demand deposits	133,049	144,136	106,014	33,764
—Time deposits with maturities within three months	94,145	62,020	(10,178)	1,909
Cash and cash equivalents at the end of the period	227,205	206,163	95,836	35,673

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.

(All amounts in RMB millions unless otherwise stated)

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2026 is as follows

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	440,002	572,243	1,261,092	319,486	1,423	2,594,246
Less: Intersegment revenue	(368,447)	(384,331)	(282,160)	(31,185)	(632)	(1,066,755)
Revenue from external customers	71,555	187,912	978,932	288,301	791	1,527,491
Segment expenses (i)	(272,433)	(184,755)	(843,410)	(73,693)	(11,896)	(1,386,187)
Segment profit/(loss)	100,961	18,958	8,039	24,064	(10,718)	141,304
Unallocated income and expenses						7,366
Operating profit						148,670
Depreciation, depletion and amortisation	99,447	14,764	8,327	2,308	682	125,528
Asset impairment losses	-	373	3,031	-	-	3,404
Credit (reversal)/losses	(116)	(29)	(56)	71	2	(128)
Capital expenditures	54,410	16,566	2,119	1,496	424	75,015
June 30, 2026						
Segment assets	1,765,302	580,873	662,832	404,102	1,433,378	4,846,487
Other assets						50,636
Elimination of intersegment balances (ii)						(1,872,851)
Total assets						3,024,272
Segment liabilities	761,635	266,875	376,234	93,708	485,925	1,984,377
Other liabilities						93,551
Elimination of intersegment balances (ii)						(902,010)
Total liabilities						1,175,918

(All amounts in RMB millions unless otherwise stated)

(b) Segment information as of December 31, 2025 and for the six months ended June 30, 2025 is as follows

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	425,115	554,170	1,169,751	310,943	1,849	2,461,828
Less: Intersegment revenue	(358,243)	(388,479)	(246,853)	(18,090)	(142)	(1,011,807)
Revenue from external customers	66,872	165,691	922,898	292,853	1,707	1,450,021
Segment expenses (i)	(266,900)	(227,350)	(759,649)	(66,998)	(7,514)	(1,328,411)
Segment profit/(loss)	86,806	12,196	9,783	18,521	(5,696)	121,610
Unallocated income and expenses						2,121
Operating profit						123,731
Depreciation, depletion and amortisation	97,127	12,992	8,861	2,294	764	122,038
Asset impairment losses	-	(6)	515	1	-	510
Credit (reversal)/losses	(102)	52	29	(79)	(1)	(101)
Capital expenditures	49,528	12,651	589	936	621	64,325
December 31, 2025						
Segment assets	1,773,011	516,010	609,851	420,212	1,648,786	4,967,870
Other assets						42,911
Elimination of intersegment balances (ii)						(2,147,323)
Total assets						2,863,458
Segment liabilities	766,652	235,742	328,556	133,474	586,895	2,051,319
Other liabilities						77,647
Elimination of intersegment balances (ii)						(1,096,282)
Total liabilities						1,032,684

(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.

(All amounts in RMB millions unless otherwise stated)

(2) Geographical information

Revenue from external customers	For the six months ended June 30, 2026	For the six months ended June 30, 2025
China's mainland	924,178	953,527
Others	603,313	496,494
	1,527,491	1,450,021

Non-current assets (i)	June 30, 2026	December 31, 2025
China's mainland	2,080,349	2,053,640
Others	171,286	172,904
	2,251,635	2,226,544

(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 Note 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 of June 30, 2026, the Group had certain commodity contracts of crude oil, natural gas, refined oil products and chemical products designated as hedges. As of June 30, 2026, the fair value of such derivative hedging financial instruments is derivative financial assets of RMB19,569(December 31, 2025: RMB9,031) and derivative financial liabilities of RMB13,049(December 31, 2025: RMB5,400).

As of June 30, 2026, it is estimated that a general increase/decrease of USD 10 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 decrease/increase the Group's profit for the year by approximately RMB1,630(December 31, 2025: increase/decrease RMB114), and resulting in a decrease/increase of approximately RMB1,679 in other comprehensive income of the Group(December 31, 2025: decrease/increase RMB2,012). 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 Note 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 shareholders 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 of June 30, 2026 was 11.22%(December 31, 2025: 11.17%).

(All amounts in RMB millions unless otherwise stated)

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 June 30, 2026 and December 31, 2025 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 June 30, 2026, 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	5,546	1,599	-	7,145
Derivative financial assets	6,963	13,090	-	20,053
Receivables financing	-	-	3,439	3,439
Investment in other equity instruments	397	-	870	1,267
Total	12,906	14,689	4,309	31,904

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, 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	-	2,470	-	2,470
Derivative financial liabilities	5,352	7,731	-	13,083
Total	5,352	10,201	-	15,553

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
Investment in other equity instruments	456	-	868	1,324
Total	7,126	8,847	2,732	18,705

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	1,465	8,127	-	9,592

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.

(All amounts in RMB millions unless otherwise stated)

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, 2025	Additions	Reductions	June 30, 2026
China National Petroleum Corporation	486,900	-	-	486,900

(c) Equity interest and voting rights of the parent company

	June 30, 2026		December 31, 2025	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	82.49	82.49	82.36	82.36

(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
PipeChina	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
CP Finance	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
Liaohe 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 are 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.

(All amounts in RMB millions unless otherwise stated)

	Notes	For the six months ended June 30, 2026	For the six months ended June 30, 2025
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	20,122	17,271
Purchases of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	44,231	48,448
Fees for production services	(3)	87,664	63,396
Ancillary and social services charges	(4)	946	697
Material supply services	(5)	7,839	2,509
Interest income	(6)	710	892
Interest expense	(7)	1,403	1,259
Other financial service expense	(8)	1,631	1,574
Rental and other expenses paid to CNPC and its subsidiaries	(9)	3,404	3,258
Purchases of assets from CNPC and its subsidiaries	(10)	867	876

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 June 30, 2026 were RMB73,446(December 31, 2025: RMB70,418).

(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 June 30, 2026 were RMB160,276(December 31, 2025: RMB157,503).

(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.

(All amounts in RMB millions unless otherwise stated)

(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.

	For the six months ended June 30, 2026	For the six months ended June 30, 2025
(a) Sales of goods		
- Crude Oil	23,623	7,150
- Refined products	56,490	32,370
- Chemical products	1,423	1,093
- Natural Gas	4,901	7,247
(b) Sales of services	229	162
(c) Purchases of goods	26,706	23,159
(d) Purchases of services	42,534	41,319

(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 June 30, 2026, the eliminated commissioned loans include the loans provided by the Company to its subsidiaries amounted to RMB30,639(December 31, 2025: RMB32,298) and the loans provided to the Company by its subsidiaries amounted to RMB57,287(December 31, 2025: RMB45,889).

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 33 and Note 34.

(All amounts in RMB millions unless otherwise stated)

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2026	December 31, 2025
CNPC and its subsidiaries		
Accounts receivable	2,999	3,737
Advances to suppliers	4,590	5,083
Other receivables	3,723	4,710
Other non-current assets	30,107	16,785
Associates and joint ventures		
Accounts receivable	6,580	2,640
Advances to suppliers	690	628
Other receivables	284	276
Other current assets	10,049	9,843
Other non-current assets	8,949	9,519

As of June 30, 2026, the provisions for bad debts of the receivables from related parties amounted to RMB592(December 31, 2025: RMB658).

As of June 30, 2026, the receivables from related parties represented 28% (December 31, 2025: 30%) of total receivables.

(b) Payables to related parties

	June 30, 2026	December 31, 2025
CNPC and its subsidiaries		
Accounts payable	49,685	39,601
Other payables	3,796	5,026
Contract liabilities	603	663
Lease liabilities (including lease liabilities due within one year)	144,154	103,414
Associates and joint ventures		
Accounts payable	12,474	11,307
Other payables	1,080	1,201
Contract liabilities	1,741	1,543

As of June 30, 2026, the payables to related parties represented 35% (December 31, 2025: 32%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2026 RMB'000	For the six months ended June 30, 2025 RMB'000
Key management personnel compensation	14,272	16,858

63 Contingent Liabilities

(1) Bank and other guarantees

As of June 30, 2026 and December 31, 2025, 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 June 30, 2026, the amounts of asset retirement obligations which have already been reflected in the consolidated financial statements relating to environmental liabilities were RMB175,227(December 31, 2025: RMB173,503) (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.

(All amounts in RMB millions unless otherwise stated)

64 COMMITMENTS

(1) Capital commitments

As of June 30, 2026, the Group's capital commitments contracted but not provided for, were RMB13,003(December 31, 2025: RMB51,701).

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 RMB71 for the six months ended June 30, 2026 (for the six months ended June 30, 2025: RMB20).

According to the current policy, estimated annual payments for the next five years are as follows:

	June 30, 2026	June 30, 2025
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

On August 28, 2026, CNPC, the Company, CNPC Capital Company Limited ("CNPC Capital") and CNPC Kunlun Capital Company Limited ("Kunlun Capital") entered into a capital increase agreement, pursuant to which the new registered capital under the capital increase (the total subscription price of which is RMB11.6 billion) will be fully subscribed by CNPC and the Company. CNPC will contribute RMB7.395 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB7,258,306,115.08 yuan, while the Company will contribute RMB4.205 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB4,127,272,104.65 yuan; CNPC Capital, the remaining shareholder of Kunlun Capital, has waived its pre-emptive right to subscribe for the newly increased registered capital (the "Capital Increase"). Upon completion of the Capital Increase, CNPC's subscribed capital of Kunlun Capital will increase to RMB14,767,886,487.33 yuan, representing a 56.56% equity interest in Kunlun Capital, and it will remain the controlling shareholder of Kunlun Capital; the Company's subscribed capital of Kunlun Capital will increase to RMB8,397,425,649.66 yuan, representing a 32.16% equity interest in Kunlun Capital. CNPC Capital will not participate in the Capital Increase, its subscribed capital of Kunlun Capital will remain RMB2,944,933,479.31 yuan, representing an 11.28% equity interest in Kunlun Capital.

The Capital Increase constitutes a connected transaction of the Company and has been considered and approved at the 2nd meeting of the 10th session of the Board of Directors on August 28, 2026. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange, the Articles of Association and other applicable regulations, the Capital Increase is not subject to approval by the Shareholders at a general meeting. For details, please refer to the Company's announcement published on August 28, 2026 on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

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 the Group.

(All amounts in RMB millions unless otherwise stated)

FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

1 NON-RECURRING PROFIT/LOSS ITEMS

	For the six months ended June 30, 2026
Gains on disposal of non-current assets	(208)
Government grants recognised in the income statement	543
Losses arising from financial assets and financial liabilities not relating to the ordinary course of activities	305
Reversal of provisions for bad debts against receivables	15
Other non-operating income and expenses	(2,697)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	1
	(2,041)
Tax impact	483
Impact of non-controlling interests	(41)
Total	(1,599)

For the six months ended June 30, 2026 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 for the six months ended June 30, 2026 statement of non-recurring profit/loss items based on the 2023 Explanatory Announcement No. 1.

According to the 2023 Explanatory Announcement No.1, non-recurring profit/loss items refer to those arising 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 under IFRS Accounting Standards and CAS were RMB115,113 and RMB115,111, respectively, with a difference of RMB2; the consolidated shareholders’ equity under IFRS Accounting Standards and CAS were RMB1,848,132 and RMB1,848,354, respectively, with a difference of RMB222. 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 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.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2026 and June 30, 2025

(All amounts in RMB millions unless otherwise stated)

	Note	Six months ended June 30	
		2026	2025[Note]
		RMB	RMB
REVENUE	4	1,527,491	1,450,021
OPERATING EXPENSES			
Purchases, services and other		(1,024,611)	(980,204)
Employee compensation costs		(85,786)	(82,723)
Exploration expenses, including exploratory dry holes		(5,848)	(6,016)
Depreciation, depletion and amortisation		(125,528)	(122,040)
Selling, general and administrative expenses		(26,780)	(26,010)
Taxes other than income taxes	5	(132,272)	(125,840)
Other income, net		12,717	11,310
TOTAL OPERATING EXPENSES		(1,388,108)	(1,331,523)
PROFIT FROM OPERATIONS		139,383	118,498
FINANCE COSTS			
Exchange gain		2,583	4,995
Exchange loss		(1,889)	(5,016)
Interest income		3,028	3,723
Interest expense		(8,622)	(9,321)
TOTAL NET FINANCE COSTS		(4,900)	(5,619)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		11,382	9,676
PROFIT BEFORE INCOME TAX EXPENSE	6	145,865	122,555
INCOME TAX EXPENSE	7	(30,752)	(27,697)
PROFIT FOR THE PERIOD		115,113	94,858
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		(43)	(7)
Currency translation differences		(2,905)	(188)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		(3,192)	1,125
Cash flow hedges		(613)	(933)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		(418)	(344)
OTHER COMPREHENSIVE INCOME, NET OF TAX		(7,171)	(347)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		107,942	94,511
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		103,936	85,185
Non-controlling interests		11,177	9,673
		115,113	94,858
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		99,673	85,015
Non-controlling interests		8,269	9,496
		107,942	94,511
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB Yuan)	8	0.57	0.47

Note: The comparative amounts in the financial statements are presented as if Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd., and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. ("Gas Storage") had been consolidated from the beginning of the earliest financial year presented (see Note 20).

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As of June 30, 2026 and December 31, 2025

(All amounts in RMB millions unless otherwise stated)

	Note	June 30, 2026 RMB	December 31, 2025 Note RMB
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,597,268	1,641,599
Investments in associates and joint ventures		311,364	303,452
Equity investments measured at fair value through other comprehensive income		1,267	1,324
Right-of-use assets		238,872	196,460
Intangible and other non-current assets		104,580	88,190
Deferred tax assets		32,788	30,056
Time deposits with maturities over one year		6,079	2,868
TOTAL NON-CURRENT ASSETS		2,292,218	2,263,949
CURRENT ASSETS			
Inventories	11	189,787	150,598
Accounts receivable	12	109,070	77,929
Derivative financial instruments	19	20,053	9,342
Prepayments and other current assets		128,031	114,892
Financial assets measured at fair value through other comprehensive income	19	3,439	1,864
Financial assets measured at fair value through profit or loss		7,145	6,175
Time deposits with maturities over three months but within one year		47,086	32,306
Cash and cash equivalents		227,205	206,163
TOTAL CURRENT ASSETS		731,816	599,269
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	13	395,658	321,377
Contract liabilities		85,359	84,599
Income taxes payable		13,411	10,123
Other taxes payable		53,216	40,883
Short-term borrowings	14	58,175	64,103
Derivative financial instruments	19	13,083	5,440
Lease liabilities		15,029	9,552
Financial liabilities measured at fair value through profit or loss		2,470	4,152
TOTAL CURRENT LIABILITIES		636,401	540,229
NET CURRENT ASSETS		95,415	59,040
TOTAL ASSETS LESS CURRENT LIABILITIES		2,387,633	2,322,989
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		1,100,331	1,043,267
Reserves		354,622	390,775
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,637,974	1,617,063
NON-CONTROLLING INTERESTS		210,158	213,487
TOTAL EQUITY		1,848,132	1,830,550
NON-CURRENT LIABILITIES			
Long-term borrowings	14	175,205	166,062
Asset retirement obligations		175,227	173,503
Lease liabilities		151,280	116,365
Deferred tax liabilities		26,908	26,625
Other long-term obligations		10,881	9,884
TOTAL NON-CURRENT LIABILITIES		539,501	492,439
TOTAL EQUITY AND NON-CURRENT LIABILITIES		2,387,633	2,322,989

Note: The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 20).

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2026 and June 30, 2025

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2026	2025Note
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	115,113	94,858
Adjustments for:		
Income tax expense	30,752	27,697
Depreciation, depletion and amortisation	125,528	122,040
Capitalised exploratory costs charged to expense	1,429	1,965
Safety fund reserve	2,913	2,946
Share of profit of associates and joint ventures	(11,382)	(9,676)
Reversal of provision for impairment of receivables, net	(128)	(101)
Write down in inventories, net	3,404	503
Impairment of other non-current assets	-	5
Loss/(Gain) on disposal and scrap of property, plant and equipment	267	(168)
Gain on disposal and scrap of other non-current assets	(42)	(559)
Gain on disposal of subsidiaries	(105)	(28)
Gain from changes in fair value	(3,155)	(5,082)
Dividend income	(5)	(13)
Interest income	(3,028)	(3,723)
Interest expense	8,622	9,321
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(32,676)	(58,261)
Inventories	(42,593)	12,055
Accounts payable and accrued liabilities	90,442	60,363
Contract liabilities	761	(2,701)
CASH FLOWS GENERATED FROM OPERATIONS	286,117	251,441
Income taxes paid	(34,836)	(24,201)
NET CASH FLOWS FROM OPERATING ACTIVITIES	251,281	227,240

Note: The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 20).

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2026 and June 30, 2025

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2026	2025[Note]
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(112,462)	(114,951)
Acquisition of investments in associates and joint ventures	(447)	(463)
Acquisition of intangible assets and other non-current assets	(12)	(8)
Acquisition of subsidiaries	(162)	(13)
Acquisition of financial assets measured at fair value through profit or loss	(6,534)	(5,474)
Proceeds from disposal of property, plant and equipment	329	953
Proceeds from disposal of other non-current assets	3,549	2,265
Proceeds from disposal of investments and investments in associates	369	28
Interest received	2,784	3,649
Dividends received	2,212	7,202
Increase in time deposits with maturities over three months	(17,991)	(14,494)
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(128,365)	(121,306)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(589,674)	(323,702)
Repayments of long-term borrowings	(2,201)	(1,222)
Repayments of lease liabilities	(11,357)	(6,017)
Interest paid	(7,284)	(7,413)
Dividends paid to owners of the Company	(40,453)	(40,455)
Dividends paid to non-controlling interests	(5,809)	(5,959)
Consideration paid for business combinations under common control	(39,733)	-
Increase in short-term borrowings	582,359	313,088
Increase in long-term borrowings	16,081	16,236
Cash contribution from non-controlling interests	30	498
NET CASH FLOWS USED FOR FINANCING ACTIVITIES	(98,041)	(54,946)
TRANSLATION OF FOREIGN CURRENCY	(3,833)	655
Increase in cash and cash equivalents	21,042	51,643
Cash and cash equivalents at the beginning of the period	206,163	172,482
Cash and cash equivalents at the end of the period	227,205	224,125

Note : The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 20).

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2026 and June 30, 2025

(All amounts in RMB millions unless otherwise stated)

	Attributable to owners of the Company				Non-controlling Interests	Total Equity
	Share Capital	Retained Earnings	Reserves	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2025	183,021	987,271	344,840	1,515,132	194,491	1,709,623
Adjusted for the acquisition of Gas Storage (Note 20)	-	366	31,092	31,458	-	31,458
Balance at January 1, 2025, as adjusted	183,021	987,637	375,932	1,546,590	194,491	1,741,081
Profit for the six months ended June 30, 2025	-	85,185	-	85,185	9,673	94,858
Other comprehensive income for the six months ended June 30, 2025	-	-	(170)	(170)	(177)	(347)
Special reserve-safety fund reserve	-	-	2,680	2,680	266	2,946
Dividends	-	(45,755)	-	(45,755)	(7,048)	(52,803)
Capital contribution from non-controlling interests	-	-	-	-	498	498
Disposal of subsidiaries	-	-	-	-	(520)	(520)
Other	-	(1,419)	(82)	(1,501)	66	(1,435)
Balance at June 30, 2025	183,021	1,025,648	378,360	1,587,029	197,249	1,784,278
Balance at January 1, 2026	183,021	1,043,166	359,650	1,585,837	213,487	1,799,324
Adjusted for the acquisition of Gas Storage (Note 20)	-	101	31,125	31,226	-	31,226
Balance at January 1, 2026, as adjusted	183,021	1,043,267	390,775	1,617,063	213,487	1,830,550
Profit for the six months ended June 30, 2026	-	103,936	-	103,936	11,177	115,113
Other comprehensive income for the six months ended June 30, 2026	-	-	(4,263)	(4,263)	(2,908)	(7,171)
Special reserve-safety fund reserve	-	-	2,616	2,616	297	2,913
Dividends	-	(45,755)	-	(45,755)	(7,480)	(53,235)
Capital contribution from non-controlling interests	-	-	-	-	30	30
Acquisition of Gas Storage	-	-	(35,542)	(35,542)	(4,191)	(39,733)
Disposal of subsidiaries	-	-	-	-	(163)	(163)
Change in functional currency of the subsidiary	-	(1,111)	1,111	-	-	-
Other	-	(6)	(75)	(81)	(91)	(172)
Balance at June 30, 2026	183,021	1,100,331	354,622	1,637,974	210,158	1,848,132

Note: The comparative amounts in the financial statements are presented as if Gas Storage had been consolidated from the beginning of the earliest financial year presented (see Note 20).

The accompanying notes are an integral part of these interim 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 15).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim condensed financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

Except as described below, the accounting policies applied in the preparation of the interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The changes in accounting policies are also expected to be reflected in the 2026 annual financial statements.

The IASB has issued amendments to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7") – Amendments to the classification and measurement of financial instruments, which are first effective for the current accounting period.

The amendments clarify the date of derecognition of a financial asset or a financial liability under normal circumstances. They also introduce an optional exception that permits an entity to recognize a financial liability before the settlement date when the financial liability is settled using an electronic payment system, provided that specific criteria are met.

For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features, for example environmental, social or governance ("ESG")-linked features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

The amendments introduce new disclosures for disposals of investments in equity instruments designated at fair value through other comprehensive income ("FVOCI"), and for financial instruments not measured at fair value through profit or loss ("FVTPL") which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

The Group has applied the amendments retrospectively. As permitted by the transition requirements, the Group has not restated prior periods. The amendments do not have a material impact on the Group's consolidated financial statements for the periods presented.

The amendments would also affect the disclosures to be included in the Group's annual financial statements for the year ending December 31, 2026 in respect of investments in equity instruments designated at FVOCI and financial instruments not measured at FVTPL with specified contingent features. No additional disclosure has been included in this interim financial report.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the June 30, 2026 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.

The interim financial statements as of June 30, 2026 and for the six months period ended June 30, 2026 and June 30, 2025 included herein are unaudited but reflect, in the opinion of the Board of Directors, all adjustments (which generally includes only normal recurring adjustments) necessary to properly prepare the interim financial statements, in all material respects, in accordance with IAS 34. The results of operations for the six months period ended June 30, 2026 are not necessarily indicative of the results of operations expected for the year ending December 31, 2026.

Costs that are incurred unevenly during the financial year are accrued or deferred in the interim financial statements only if it would be also appropriate to accrue or defer such costs at the end of the financial year.

3 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:

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual 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 3(b)). Changes in proved oil and gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortization recorded in the Group's interim financial statements for property, plant and equipment relating to oil and gas production activities. An increase/decrease in proved developed reserves will decrease/increase depreciation, depletion and consolidated 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, etc. 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 recognized 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 recognize the impairment losses for certain assets.

(c) Estimation of asset retirement obligations

Provision is recognized for the future decommissioning and restoration of oil and gas properties. The amount of the provision recognized 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 recognized 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.

(All amounts in RMB millions unless otherwise stated)

4 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 recognized at a point in time. The revenue information for the periods ended June 30, 2026 and 2025 are as follows:

For the six months ended June 30, 2026 Type of revenue	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	272,353	-	405,023	-	-	677,376
Natural gas (i)	74,005	-	233,189	302,479	-	609,673
Refined products	-	440,299	586,817	-	-	1,027,116
Chemical products	-	129,450	22,990	-	-	152,440
Pipeline transportation business	-	-	-	579	-	579
Non-oil sales in gas stations	-	-	11,628	-	-	11,628
Others	93,455	2,450	1,367	16,193	1,414	114,879
Intersegment elimination	(368,447)	(384,331)	(282,160)	(31,185)	(632)	(1,066,755)
Revenue from contracts with customers	71,366	187,868	978,854	288,066	782	1,526,936
Other revenue	189	44	78	235	9	555
Total	71,555	187,912	978,932	288,301	791	1,527,491
Geographical Region						
China's mainland	32,284	187,868	414,623	288,066	782	923,623
Others	39,082	-	564,231	-	-	603,313
Revenue from contracts with customers	71,366	187,868	978,854	288,066	782	1,526,936
Other revenue	189	44	78	235	9	555
Total	71,555	187,912	978,932	288,301	791	1,527,491

(All amounts in RMB millions unless otherwise stated)

For the six months ended June 30, 2025 Type of revenue	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	270,249	-	357,162	-	-	627,411
Natural gas (i)	73,972	-	213,722	292,108	-	579,802
Refined products	-	446,508	563,326	-	-	1,009,834
Chemical products	-	105,241	22,041	-	-	127,282
Pipeline transportation business	-	-	-	498	-	498
Non-oil sales in gas stations	-	-	12,436	-	-	12,436
Others	80,782	2,376	876	18,139	1,839	104,012
Intersegment elimination	(358,243)	(388,479)	(246,853)	(18,090)	(142)	(1,011,807)
Revenue from contracts with customers	66,760	165,646	922,710	292,655	1,697	1,449,468
Other revenue	112	45	188	198	10	553
Total	66,872	165,691	922,898	292,853	1,707	1,450,021
Geographical Region						
China's mainland	30,644	165,646	462,332	292,655	1,697	952,974
Others	36,116	-	460,378	-	-	496,494
Revenue from contracts with customers	66,760	165,646	922,710	292,655	1,697	1,449,468
Other revenue	112	45	188	198	10	553
Total	66,872	165,691	922,898	292,853	1,707	1,450,021

(i) Includes both conventional and unconventional natural gas.

5 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2026	2025
	RMB	RMB
Consumption tax	83,720	86,782
Resource tax	14,562	14,580
Crude oil special gain levy	11,085	1,998
City maintenance and construction tax	8,810	8,773
Educational surcharge	6,555	6,497
Levy for mineral rights concessions	2,174	2,293
Urban and township land use tax	1,998	2,190
Others	3,368	2,727
	132,272	125,840

(All amounts in RMB millions unless otherwise stated)

6 PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2026	2025
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from equity investment measured at fair value through other comprehensive income	5	13
Reversal of provision for impairment of receivables	228	154
Reversal of write down in inventories	57	63
Investment gain from disposal of derivative financial instruments	6,383	-
Gain on disposal of investment in subsidiaries	105	28
Gain from ineffective portion of cash flow hedges	-	290
Charged		
Amortisation of intangible and other assets	3,505	2,228
Depreciation and impairment losses:		
Property, plant and equipment	112,039	112,032
Right-of-use assets	9,984	7,780
Cost of inventories recognised as expense	1,187,567	1,139,543
Provision for impairment of receivables	100	53
Interest expense(i)	8,622	9,321
Loss on disposal and scrap of property, plant and equipment	267	89
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	1,129	983
Research and development expenses	12,887	9,899
Write down in inventories	3,461	566
Investment loss from disposal of derivative financial instruments	-	2,376
Loss from ineffective portion of cash flow hedges	1,322	-
Impairment of other non-current assets	-	5
(i) Interest expense		
Interest expense	9,002	9,672
Include: Interest on lease liabilities	2,877	2,502
Less: Amount capitalised	(380)	(351)
	8,622	9,321

(All amounts in RMB millions unless otherwise stated)

7 INCOME TAX EXPENSE

	Six months ended June 30	
	2026	2025
	RMB	RMB
Current taxes	33,132	29,928
Deferred taxes	(2,380)	(2,231)
	30,752	27,697

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%.

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 June 30, 2026 was not material.

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2026 and June 30, 2025 have been computed by dividing profit attributable to owners of the Company by 183,021 million shares issued and outstanding during the period.

There are no potentially dilutive ordinary shares.

(All amounts in RMB millions unless otherwise stated)

9 DIVIDENDS

	Six months ended June 30	
	2026	2025
	RMB	RMB
Interim dividends attributable to owners of the Company for 2026 (a)	47,585	-
Interim dividends attributable to owners of the Company for 2025 (c)	-	40,265

(a) As authorised by shareholders in the Annual General Meeting on June 9, 2026, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2026 of RMB 0.26 yuan (inclusive of applicable tax) per share, amounting to a total of RMB47,585 on August 28, 2026. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the statement of financial position.

(b) 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, were approved at the 2025 Annual General Meeting held on June 9, 2026 and were paid on June 26, 2026 (A shares) and July 31, 2026 (H shares).

(c) 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 approved at the 14th meeting of the 9th session of the Board held on August 26, 2025 and were paid on September 17, 2025 (A shares) and October 23, 2025 (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).

(All amounts in RMB millions unless otherwise stated)

10 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2026	4,774,689
Additions	97,802
Disposals or write offs	(27,982)
Currency translation differences	(12,159)
At June 30, 2026	4,832,350
Accumulated depreciation and impairment	
At January 1, 2026	(3,133,090)
Charge for the period and others	(128,016)
Impairment charge	-
Disposals or write offs	16,307
Currency translation differences	9,717
At June 30, 2026	(3,235,082)
Net book value	
At June 30, 2026	1,597,268

	RMB
Cost	
At January 1, 2025	4,558,430
Additions	77,977
Disposals or write offs	(22,051)
Currency translation differences	1,940
At June 30, 2025	4,616,296
Accumulated depreciation and impairment	
At January 1, 2025	(2,955,778)
Charge for the period and others	(116,966)
Impairment charge	(2)
Disposals or write offs	7,027
Currency translation differences	(901)
At June 30, 2025	(3,066,620)
Net book value	
At June 30, 2025	1,549,676

(All amounts in RMB millions unless otherwise stated)

11 INVENTORIES

	June 30, 2026	December 31, 2025
	RMB	RMB
Crude oil and other raw materials	66,797	52,326
Work in progress	18,068	15,481
Finished goods	109,690	85,304
Spare parts and consumables	281	241
	194,836	153,352
Less: Write down in inventories	(5,049)	(2,754)
	189,787	150,598

12 ACCOUNTS RECEIVABLE

	June 30, 2026	December 31, 2025
	RMB	RMB
Accounts receivable	112,184	81,253
Less: Provision for impairment of accounts receivable	(3,114)	(3,324)
	109,070	77,929

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the date of revenue recognition, at of June 30, 2026 and December 31, 2025 is as follows:

	June 30, 2026	December 31, 2025
	RMB	RMB
Within 1 year	105,609	74,748
Between 1 and 2 years	2,653	2,760
Between 2 and 3 years	664	355
Over 3 years	144	66
	109,070	77,929

The Group offers its customers credit terms up to 180 days.

(All amounts in RMB millions unless otherwise stated)

Movements in the provision for impairment of accounts receivable are as follows:

	Six months ended June 30	
	2026	2025
	RMB	RMB
At the beginning of the period	3,324	3,068
Provision for impairment of accounts receivable	76	-
Reversal of provision for impairment of accounts receivable	(215)	(117)
Receivables written off as uncollectible and others	(71)	(150)
At the end of the period	3,114	2,801

13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2026	December 31, 2025
	RMB	RMB
Trade payables	192,253	165,865
Salaries and welfare payable	15,206	7,819
Dividends payable	8,623	1,650
Notes payables	15,206	13,658
Construction fee and equipment cost payables	63,796	90,163
Others (i)	100,574	42,222
	395,658	321,377

(i) Others consist primarily of deposit, earnest money, caution money and insurance payables, etc.

The aging analysis of trade payables as of June 30, 2026 and December 31, 2025 is as follows:

	June 30, 2026	December 31, 2025
	RMB	RMB
Within 1 year	183,658	158,119
Between 1 and 2 years	2,214	1,096
Between 2 and 3 years	461	487
Over 3 years	5,920	6,163
	192,253	165,865

(All amounts in RMB millions unless otherwise stated)

14 BORROWINGS

	June 30, 2026	December 31, 2025
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	45,888	34,513
Current portion of long-term borrowings	12,287	29,590
	58,175	64,103
Long-term borrowings	175,205	166,062
	233,380	230,165

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2026	230,165
Increase in borrowings	598,440
Repayments in borrowings	(591,875)
Exchange adjustments	(3,005)
Changes in interest payable	(345)
Balance at June 30, 2026	233,380

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

	June 30, 2026	December 31, 2025
	RMB	RMB
Within 1 year	61,904	67,491
Between 1 and 2 years	17,964	15,657
Between 2 and 5 years	107,493	41,302
After 5 years	66,000	125,634
	253,361	250,084

The fair values of the Group's long-term borrowings including the current portion of long-term borrowings are RMB183,295 at June 30, 2026 (December 31, 2025: RMB191,261). 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 1.54% to 4.91% per annum as of June 30, 2026 (December 31, 2025: 1.58% to 4.84%) depending on the type of the borrowings.

15 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 2 "Basis of Preparation and Accounting Policies".

(All amounts in RMB millions unless otherwise stated)

The segment information for the operating segments for the six months ended June 30, 2026 and 2025 are as follows:

Six months ended June 30, 2026	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	440,002	572,243	1,261,092	319,486	1,423	2,594,246
Less: Intersegment sales	(368,447)	(384,331)	(282,160)	(31,185)	(632)	(1,066,755)
Revenue from external customers	71,555	187,912	978,932	288,301	791	1,527,491
Depreciation, depletion and amortisation	(99,447)	(14,764)	(8,327)	(2,308)	(682)	(125,528)
Including: Impairment losses of property, plant and equipment	-	-	-	-	-	-
Profit / (loss) from operations	100,448	14,525	11,363	24,087	(11,040)	139,383
Finance costs:						
Exchange gain						2,583
Exchange loss						(1,889)
Interest income						3,028
Interest expense						(8,622)
Total net finance costs						(4,900)
Share of profit of associates and joint ventures	2,133	49	2,309	5,672	1,219	11,382
Profit before income tax expense						145,865
Income tax expense						(30,752)
Profit for the period						115,113
Capital expenditures	54,410	16,566	2,119	1,496	424	75,015
June 30, 2026						
Segment assets	1,703,322	577,584	643,227	216,793	1,393,959	4,534,885
Other assets						50,636
Investments in associates and joint ventures	61,782	3,256	19,597	187,309	39,420	311,364
Elimination of intersegment balances (a)						(1,872,851)
Total assets						3,024,034
Segment liabilities	761,635	266,875	376,234	93,708	485,925	1,984,377
Other liabilities						93,535
Elimination of intersegment balances (a)						(902,010)
Total liabilities						1,175,902

(All amounts in RMB millions unless otherwise stated)

Six months ended June 30, 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	425,115	554,170	1,169,751	310,943	1,849	2,461,828
Less: Intersegment sales	(358,243)	(388,479)	(246,853)	(18,090)	(142)	(1,011,807)
Revenue from external customers	66,872	165,691	922,898	292,853	1,707	1,450,021
Depreciation, depletion and amortisation	(97,127)	(12,993)	(8,862)	(2,294)	(764)	(122,040)
Including: Impairment losses of property, plant and equipment	-	(1)	(1)	-	-	(2)
Profit / (loss) from operations	87,151	11,056	7,562	18,626	(5,897)	118,498
Finance costs:						
Exchange gain						4,995
Exchange loss						(5,016)
Interest income						3,723
Interest expense						(9,321)
Total net finance costs						(5,619)
Share of profit of associates and joint ventures	1,881	49	991	5,552	1,203	9,676
Profit before income tax expense						122,555
Income tax expense						(27,697)
Profit for the period						94,858
Capital expenditures	49,528	12,651	589	936	621	64,325
Dec 31, 2025						
Segment assets	1,712,062	512,767	591,358	238,191	1,609,800	4,664,178
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						2,863,218
Segment liabilities	766,652	235,742	328,556	133,474	586,895	2,051,319
Other liabilities						77,631
Elimination of intersegment balances (a)						(1,096,282)
Total liabilities						1,032,668

(All amounts in RMB millions unless otherwise stated)

Geographical information

	Revenue		Non-current assets (b)	
	Six months ended June 30, 2026	Six months ended June 30, 2025	June 30, 2026	December 31, 2025
	RMB	RMB	RMB	RMB
China's mainland	924,178	953,527	2,080,111	2,053,400
Others	603,313	496,494	171,286	172,904
	1,527,491	1,450,021	2,251,397	2,226,304

(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.

16 CONTINGENT LIABILITIES

(a) Bank and other guarantees

At June 30, 2026 and December 31, 2025, 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 interim financial statements, which may have a material adverse effect on the financial position of the Group.

As of June 30, 2026, the amounts of asset retirement obligations which have already been reflected in the interim financial statements relating to environmental liability were RMB175,227 (December 31, 2025: RMB173,503).

(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.

(All amounts in RMB millions unless otherwise stated)

17 COMMITMENTS

(a) Capital commitments

At June 30, 2026, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB13,003 (December 31, 2025: RMB51,701). These capital commitments are transactions mainly with CNPC and its subsidiaries.

(b) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. Payments incurred were RMB71 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB20).

According to the current policy, estimated annual payments for the next five years are as follows:

	June 30, 2026	June 30, 2025
	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

18 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 from January 2026 to June 2026 was 82.49% (2025: 82.36%).

(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 China Petroleum Finance Co., Ltd. entered into a Financial Services Agreement on August 30, 2023, which stipulated the financial services provided by China Petroleum Finance Co., Ltd. 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 RMB103,279 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB62,265).

- 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 RMB3,509 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB3,028).

- 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 RMB209,920 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB179,528).

- Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB867 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB876).

- Interest income represents interest from deposits placed with CNPC and its subsidiaries. The total interest income amounted to RMB710 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB892). The balance of deposits at June 30, 2026 was RMB73,446 (December 31, 2025: RMB70,418).

- 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 RMB3,034 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB2,833).

- The borrowings from CNPC and its subsidiaries at 30 June, 2026 were RMB160,276 (December 31, 2025: RMB157,503).

- 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 RMB3,404 for the six months ended June 30, 2026 (six months ended June 30, 2025: RMB3,258).

Amounts due from and to CNPC and its subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	June 30, 2026	December 31, 2025
	RMB	RMB
Accounts receivable	9,530	6,264
Prepayments and other current assets	18,793	19,995
Intangible and other non-current assets	39,056	26,304
Accounts payable and accrued liabilities	67,035	57,135
Contract liabilities	2,344	2,206
Lease liabilities	144,154	103,414

(b) Key management personnel compensation

	Six months ended June 30	
	2026	2025
	RMB'000	RMB'000
Emoluments and other benefits	13,071	15,351
Contribution to retirement benefit scheme	1,201	1,507
	14,272	16,858

(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.

19 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 June 30, 2026 and December 31, 2025 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 14. 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 on the reporting date. The fair value of FVTPL and derivative financial instruments are mainly categorised into Level 1 or 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 as inputs used in the valuation techniques, or not based on observable market data.

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2026, financial assets and financial liabilities continuing to be measured at fair value are listed as follows in three levels:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets				
Financial assets at fair value through profit or loss:				
– Financial assets at fair value through profit or loss	5,546	1,599	-	7,145
Derivative financial instruments:				
– Derivative financial assets	6,963	13,090	-	20,053
Financial assets at fair value through other comprehensive income:				
– Bills receivable	-	-	3,439	3,439
– Other equity investments	397	-	870	1,267
	12,906	14,689	4,309	31,904
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Financial liabilities at fair value through profit or loss	-	2,470	-	2,470
Derivative financial instruments:				
– Derivative financial liabilities	5,352	7,731	-	13,083
	5,352	10,201	-	15,553

(All amounts in RMB millions unless otherwise stated)

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 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets				
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 equity investments	456	-	868	1,324
	7,126	8,847	2,732	18,705
Financial liabilities				
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
	1,465	8,127	-	9,592

The Group mainly 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.

(All amounts in RMB millions unless otherwise stated)

20 BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

Business combinations involving entities under the common control that occurred during the year:

					From the beginning of the period to the acquisition date			For the six months ended June 30, 2025	
Name of acquiree	Proportion of equity acquired in business combination	Basis for business combination under common control	Acquisition date	Basis for determination of acquisition date	Income	Net profit	Net change in cash and cash equivalents	Income	Net profit
Xinjiang Oilfield Gas Storage Co., Ltd.	51.00%	The Company and Xinjiang Oilfield Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and the control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	1,002	490
Chongqing Xiangguosi Gas Storage Co., Ltd.	51.00%	The Company and Chongqing Xiangguosi Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and the control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	560	275
Liaohe Oilfield (Panjin) Gas Storage Co., Ltd.	50.49%	The Company and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. are under the ultimate control of CNPC before and after the business combination and the control is not temporary	January 4, 2026	Acquisition of actual control	-	-	-	968	413
Total					-	-	-	2,530	1,178

(All amounts in RMB millions unless otherwise stated)

Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. were founded in January 2022, October 2016 and November 2021. On August 26, 2025, the 14th meeting of the 9th Board of the Company approved the Proposal on the Establishment of a Joint Venture between Taihu Investment and Grid Energy Storage and the Acquisition of 100% Equity of Xinjiang Oilfield Gas Storage Co., Ltd., Chongqing Xiangguosi Gas Storage Co., Ltd. and Liaohe Oilfield (Panjin) Gas Storage 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. Taihu Company holds 51.00%, 51.00% and 50.49% equity of the three new joint venture companies. These three new joint venture companies in December 2025 respectively entered into “Equity Acquisition Agreements” with Xinjiang Petroleum Administration Bureau Co., Ltd., Sichuan 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. The consideration of the transaction amounted to RMB16,937, RMB9,918 and RMB12,878 and was recorded as an equity transaction.

The book value of the assets and liabilities of the acquiree on the acquisition date and December 31, 2025:

	Xinjiang Oilfield Gas Storage Co., Ltd. Acquisition date and December 31,2025	Chongqing Xiangguosi Gas Storage Co., Ltd. Acquisition date and December 31,2025	Liaohe Oilfield (Panjin) Gas Storage Co., Ltd. Acquisition date and December 31,2025	Total
Total current assets	1,754	1,187	1,031	3,972
Total assets	13,128	7,911	14,402	35,441
Total current liabilities	156	23	1,250	1,429
Total liabilities	158	46	4,011	4,215
Total shareholders’ equity	12,970	7,865	10,391	31,226

21 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On August 28, 2026, CNPC, the Company, CNPC Capital Company Limited ("CNPC Capital") and CNPC Kunlun Capital Company Limited ("Kunlun Capital") entered into a capital increase agreement, pursuant to which the new registered capital under the capital increase (the total subscription price of which is RMB11.6 billion) will be fully subscribed by CNPC and the Company. CNPC will contribute RMB7.395 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB7,258,306,115.08 yuan, while the Company will contribute RMB4.205 billion to subscribe for newly increased registered capital of Kunlun Capital in the amount of RMB4,127,272,104.65 yuan; CNPC Capital, the remaining shareholder of Kunlun Capital, has waived its pre-emptive right to subscribe for the newly increased registered capital (the "Capital Increase"). Upon completion of the Capital Increase, CNPC's subscribed capital of Kunlun Capital will increase to RMB14,767,886,487.33 yuan, representing a 56.56% equity interest in Kunlun Capital, and it will remain the controlling shareholder of Kunlun Capital; the Company's subscribed capital of Kunlun Capital will increase to RMB8,397,425,649.66 yuan, representing a 32.16% equity interest in Kunlun Capital. CNPC Capital will not participate in the Capital Increase, its subscribed capital of Kunlun Capital will remain RMB2,944,933,479.31 yuan, representing an 11.28% equity interest in Kunlun Capital.

The Capital Increase constitutes a connected transaction of the Company and has been considered and approved at the 2nd meeting of the 10th session of the Board of Directors on August 28, 2026. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the Stock Exchange, the Articles of Association and other applicable regulations, the Capital Increase is not subject to approval by the Shareholders at a general meeting. For details, please refer to the Company's announcement published on August 28, 2026 on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

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 the Group.

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 or the Articles of Association:

1. 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.

2. The original copies of the documents and announcements of the Company published in the newspaper designated by the China Securities Regulatory Commission during the Reporting Period.

3. The interim report published on other stock markets.

Shareholders may also browse or download the interim report of the Company from the official website of the Company at www.petrochina.com.cn.

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 the Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the China Securities Regulatory Commission, as the Directors and senior management of PetroChina Company Limited, we have carefully reviewed the interim report for 2026 and concluded that this interim report truly, accurately and completely represents the business performance of the Company, it contains no misrepresentation, misleading statements or material omissions and its preparation and review process complies 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	Zhang Daowei	Song Dayong	Ho Kevin King Lun	Yan, Andrew Y
Liu Xiaolei	Zhang Yuxin	Ng Kar Ling Johnny	Zhou Jian	Wang Hua
Yang Weisheng	Yang Liqiang	Dai Qinrong	Wang Guofeng	Jiang Tongwen
Shen Fuxiao	Zhao Ying			

August 28, 2026

This interim report is prepared in Chinese and English.

In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

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