PetroChina

2024 INTERIM REPORT

PETROCHINA COMPANY LIMITED

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

Stock Code: 857

2024 INTERIM REPORT

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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 risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group's current views with respect to future events and are not a guarantee 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"), supervisory committee (the "Supervisory Committee") and all directors ("Directors"), supervisors ("Supervisors") 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 hereof. 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 8th meeting of the 9th session of the Board of Directors of the Company. Save for Mr. Hou Qijun, the vice chairman and non-executive Director, Mr. Duan Liangwei, non-executive Director, Mr. Ren Lixin and Mr. Zhang Daowei, executive Directors who were absent due to work arrangement, other members of the Board have attended this Board meeting. Among which, Mr. Hou Qijun and Mr. Duan Liangwei have authorized Mr. Huang Yongzhang in writing to attend this meeting by proxy and exercise their voting rights on their behalf; Mr. Ren Lixin and Mr. Zhang Daowei have authorized Mr. Xie Jun in writing to attend this meeting by proxy and exercise their voting rights on their behalf. Mr. Dai Houliang, Chairman of the Board, Mr. Huang Yongzhang, 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 overall consideration of situations such as the 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 RMB0.22 (inclusive of applicable tax) per share for 2024 on the basis of a total of 183,020,977,818 shares of the Company as of June 30, 2024. The total amount of the interim dividends payable is approximately RMB40,265 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. Investors are advised to exercise caution when dealing in the securities of the Company.

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") 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.

The American Depositary Shares (the "ADSs"), H shares and A shares of the Company were listed on the New York Stock Exchange (the "NYSE"), The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and Shanghai Stock Exchange on April 6, 2000, April 7, 2000 and November 5, 2007, respectively, among which, the ADSs have been delisted from the NYSE on September 8, 2022 (EST Time).

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
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Legal Address of the Company:	16 Ande Road Dongcheng District Beijing, PRC
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Postal Code:	100007
Website:	http://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: http://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 million

Items	For the reporting period	For the same period of the preceding year	Changes over the same period of the preceding year (%)
Revenue	1,553,869	1,479,871	5.0
Profit for the period attributable to owners of the Company	88,611	85,272	3.9
Net cash flows from operating activities	217,329	221,706	(2.0)
Basic earnings per share (RMB Yuan)	0.48	0.47	3.9
Diluted earnings per share (RMB Yuan)	0.48	0.47	3.9
Return on net assets (%)	5.9	6.0	(0.1) percentage point

Items	As of the end of the reporting period	As of the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,768,039	2,752,448	0.6
Total equity attributable to owners of the Company	1,489,661	1,446,163	3.0

2. Key Financial Data Prepared under CAS

Unit: RMB million

Items	For the reporting period	For the same period of the preceding year	Changes over the same period of the preceding year (%)
Operating income	1,553,869	1,479,871	5.0
Net profit attributable to owners of the Company	88,607	85,276	3.9
Net profit after deducting non-recurring profit/loss items attributable to owners of the Company	91,590	87,393	4.8
Net cash flows from operating activities	217,329	221,706	(2.0)
Basic earnings per share (RMB Yuan)	0.48	0.47	3.9
Diluted earnings per share (RMB Yuan)	0.48	0.47	3.9
Weighted average returns on net assets (%)	6.0	6.1	(0.1) percentage point
Items	**As of the end of the reporting period**	**As of the end of the preceding year**	**Changes from the end of the preceding year to the end of the reporting period (%)**
Total assets	2,768,297	2,752,710	0.6
Equity attributable to owners of the Company	1,489,904	1,446,410	3.0

3. Non-recurring Profit/Loss Items

Unit: RMB million

Non-recurring profit/loss items	For the six months ended June 30, 2024
Losses on disposal of non-current assets	(716)
Government grants recognised in the income statement	583
Gains/(Losses) arising from financial assets and financial liabilities not relating to the ordinary course of activities	(542)
Reversal of provisions for bad debts against receivables	74
Other non-operating income and expenses	(2,636)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	933
Sub-total	(2,304)
Tax impact	(676)
Impact of non-controlling interests	(3)
Total	(2,983)

4. Differences between CAS and IFRS Accounting Standards

The consolidated net profit of the Group under IFRS Accounting Standards and CAS were RMB99,614 million and RMB99,610 million, respectively, with a difference of RMB4 million. The consolidated shareholders' equity under IFRS Accounting Standards and CAS were RMB1,677,909 million and RMB1,678,153 million, respectively, with a difference of RMB244 million. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999.

During the restructuring 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 recognised 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 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, 2024 was 477,453, including 472,095 holders of A shares and 5,358 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	150,923,565,570 (1)	82.46	0	0	0
HKSCC Nominees Limited(2)	Overseas legal person	20,915,273,808 (3)	11.43	+7,707,832	0	0
China Petrochemical Corporation	State-owned legal person	1,830,210,000	1.00	0	0	0
Hong Kong Securities Clearing Company Limited(4)	Overseas legal person	1,122,096,969	0.61	-83,747,664	0	0
China Securities Finance Corporation Limited	State-owned legal person	1,020,165,128	0.56	0	0	0
China Reform Investment Co., Ltd.	State-owned legal person	267,376,675	0.15	+76,553,876	0	0
China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Others	223,005,254	0.12	-	0	0
Central Huijin Asset Management Ltd.	State-owned legal person	201,695,000	0.11	0	0	0
ICBC – SSE 50 Exchange Traded Open-ended Securities Investment Fund	State-owned legal person	181,920,963	0.10	+43,748,864	0	0
Bank of Communication Co., Ltd. – E Fund SSE 50 Index Enhanced Securities Investment Fund	Others	166,523,601	0.09	+16,200,300	0	0

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

(2) 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.

(3) 291,518,000 H shares were indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing 0.16% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.

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

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

Unit: Share

Ranking	Name of shareholders	Number of shares held	Type of shares
1	CNPC	150,923,565,570(1)	A shares
2	HKSCC Nominees Limited	20,915,273,808	H shares
3	China Petrochemical Corporation	1,830,210,000	A shares
4	Hong Kong Securities Clearing Company Limited	1,122,096,969	A shares
5	China Securities Finance Corporation Limited	1,020,165,128	A shares
6	China Reform Investment Co., Ltd.	267,376,675	A shares
7	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	223,005,254	A shares
8	Central Huijin Asset Management Ltd.	201,695,000	A shares
9	ICBC – SSE 50 Exchange Traded Open-ended Securities Investment Fund	181,920,963	A shares
10	Bank of Communication Co., Ltd. – E Fund SSE 50 Index Enhanced Securities Investment Fund	166,523,601	A shares

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

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

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

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

Description on participation of margin financing and securities lending and refinancing businesses by the above-mentioned shareholders during the reporting period: the above-mentioned shareholders did not participate in margin financing and securities lending business during the reporting period. Please refer to the "Participation of lending of shares under refinancing business by top ten shareholders" below for details of refinancing business.

(3) Participation of lending of shares under refinancing business by top ten shareholders

Unit: share

Participation of lending of shares under refinancing business by top ten shareholders								
	Shareholding of ordinary account and credit account at the beginning of the reporting period		Shares lent under refinancing business and not yet returned at the beginning of the reporting period		Shareholding of ordinary account and credit account at the end of the reporting period		Shares lent under refinancing business and not yet returned at the end of the reporting period	
Name of shareholders (Full name)	Total number	Percentage of Shares in the total share capital	Total number	Percentage of Shares in the total share capital	Total number	Percentage of Shares in the total share capital	Total number	Percentage of Shares in the total share capital
ICBC – SSE 50 Exchange Traded Open-ended Securities Investment Fund	138,172,099	0.08%	928,600	0.0005%	181,920,963	0.10%	0	0

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

Not applicable.

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

As of June 30, 2024, so far as the Directors are aware, persons other than a Director, Supervisor 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	150,923,565,570 (L)	Beneficial Owner	93.21	82.46
	H Shares	291,518,000 (L) [1]	Interest of Corporation Controlled by the Substantial Shareholder	1.38	0.16
BlackRock, Inc.[2]	H Shares	1,275,255,732 (L)	Interest of Corporation Controlled by the Substantial Shareholder	6.04	0.70

(L) Long position

(1) 291,518,000 H shares (long position) were held by Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Limited.

(2) BlackRock, Inc., through various subsidiaries, had an interest in the H shares of the Company, and 1,275,255,732 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder including 15,456,000 underlying shares through its holding of certain unlisted derivatives (cash settled).

As of June 30, 2024, so far as the Directors are aware, save for disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position 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 2024, the world economy maintained growing, and the overall Chinese economy was running steadily and continued to recover and showed a good trend with 5.0% year-on-year growth rate of the gross domestic product ("GDP"). With the recovery of demand and tight supply in the global oil market, coupled with the influence of geopolitics, the international crude oil prices showed an overall upward trend, and the average price was higher than that in the same period of the previous year; the demand in the domestic refined oil products market slowed down and the demand in the natural gas market continued to grow rapidly.

The Group took the initiative to respond to various risk challenges, implemented high-quality development requirements, adhered to the general tone of making progress while maintaining stability, strengthened analysis, study and judgment of market situations, and promoted safety and environmental protection, production and operation, quality and profitability improvement, and reform and innovation in an overall manner. The oil and gas industrial chains operated stably and efficiently; the increase in reserves and output of oil and gas maintained a good momentum; the transformation and upgrading of refining and chemicals business was implemented steadily; the market share of refined oil products sales continued to increase; the sales volume and profitability of natural gas increased; the emerging industries such as new energy and new materials developed rapidly; the synergistic advantages of the integration of the upstream and downstream of the industrial chains were given full play; the major costs and expenses were effectively controlled; the safety and environmental protection situation remained stable; the Company entered into the Oil & Gas Decarbonization Charter and ESG work was carried out deeply; the operating profitability achieved steady growth and another record high in the same period; all business segments achieved profits; and the financial position was healthy and good.

(1) Market Review

- Crude Oil Market

In the first half of 2024, the growth of the world economy led to a rebound in crude oil demand, the continuing strategy of production reduction by the oil-producing countries' alliance led to tight supply, geopolitical conflicts occurred in multiple places and frequently and international oil prices arose year-on-year. The average spot price of Brent crude oil was US$84.06 per barrel, representing an increase of 5.5% as compared with US$79.66 per barrel in the same period of last year; the average spot price of U.S. West Texas Intermediate crude oil was US$78.95 per barrel, representing an increase of 5.6% as compared with US$74.76 per barrel in the same period of last year.

According to the data of the National Bureau of Statistics, for the first half of 2024, the domestic crude oil production for industries above designated size was 107.05 million tons, representing an increase of 1.9% as compared with that in the same period of last year; the quantity of imported crude oil was 275.48 million tons, representing a decrease of 2.3% as compared with that in the same period of last year.

• Refined Oil Products Market

In the first half of 2024, due to the competition impact of alternative energy, the consumption of domestic refined oil products market was suppressed, the supply and demand remained loose, the industry regulations continued to strengthen, and the competitive order in the refined oil products market continued to be standardized.

According to the data of the National Bureau of Statistics, for the first half of 2024, the processed volume of the domestic crude oil for industries above designated size was 360.09 million tons, representing a decrease of 0.4% 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 for 10 times to the prices of domestic gasoline and diesel products, and the prices of gasoline and diesel standard products increased, in aggregate, by RMB590 per ton and RMB570 per ton, respectively.

• Chemical Products Market

In the first half of 2024, the market demand for chemical products increased steadily, while the new capacity supply fell short of expectations and the scale of facility maintenance expanded significantly, and the fundamentals of supply and demand improved. The prices of the main products of the domestic chemical products market generally increased, and the profit of production rebounded slowly from a historic low.

• Natural Gas Market

In the first half of 2024, the supply and demand in the global natural gas market remained loose, China's economy steadily rebounded, and consumption of natural gas grew rapidly. According to the data of the National Bureau of Statistics and the National Development and Reform Commission, the domestic natural gas production for industries above designated size was 123.6 billion cubic meters for the first half of 2024, representing an increase of 6.0% as compared with that in the same period of last year. The import volume of natural gas was 64.65 million tons, representing an increase of 14.3% with that in the same period of last year. The apparent consumption of natural gas was 213.75 billion cubic meters, representing an increase of 10.1% 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 2024, in respect of the domestic oil and gas business, the Group focused on the balance of its reserves and output, vigorously implemented high-efficient exploration and development. The Group achieved multiple major breakthroughs and significant discoveries in Tarim, Sichuan, Junggar basins and discovered a number of large-scale oil and gas reserve areas. The Group firmly promoted the scientific exploration and pre-exploration projects of oil and gas in 10,000 meters deep, and the depth of Shenditake-1 (深地塔科 1 井) achieved a breakthrough of 10,000 meters and set a new record for the deepest straight well in Asia. The Group systematically optimized the development deployment, arranged production capacity construction projects according to the profitability and strengthened the control of decline rate and the improvement of the recovery rate in old oil and gas fields. For the first half of 2024, the domestic crude oil output of the Group amounted to 392.8 million barrels, representing an increase of 0.1% as compared with the 392.3 million barrels in the same period of last year; the marketable natural gas output amounted to 2,486.8 billion cubic feet, representing an increase of 2.9% as compared with 2,417.3 billion cubic feet in the same period of last year; the oil and natural gas equivalent output amounted to 807.3 million barrels, representing an increase of 1.5% as compared with the output of 795.1 million barrels in the same period of last year.

Overseas Oil and Gas

In the first half of 2024, in respect of the overseas oil and gas business, the Group highlighted efficient exploration and development and increase in large-scale reserves and achieved high-yield oil flows in PSA project in Chad. The Group scientifically coordinated oil and gas production and the Hafaya natural gas processing plant in Iraq was put into operation. The Group actively promoted development of new projects, continued optimizing overseas asset structure and the expansion project of the Northern Gas Field in Qatar was successfully delivered. For the first half of 2024, the Group's overseas crude oil output amounted to 82.0 million barrels which is basically the same as 82.0 million barrels in the same period of last year; the marketable natural gas output was 97.4 billion cubic feet, representing a decrease of 2.5% as compared with 99.8 billion cubic feet in the same period of last year; the oil and natural gas equivalent output was 98.2 million barrels, representing a decrease of 0.5% as compared with the 98.7 million barrels in the same period of last year and accounting for 10.8% of the total oil and natural gas equivalent output of the Group.

In the first half of 2024, the Group recorded the crude oil output of 474.8 million barrels, representing an increase of 0.1% as compared with the output of 474.3 million barrels in the same period of last year; the marketable natural gas output was 2,584.2 billion cubic feet, representing an increase of 2.7% as compared with the output of 2,517.1 billion cubic feet in the same period of last year. The oil and natural gas equivalent output was 905.5 million barrels, representing an increase of 1.3% as compared with the output of 893.8 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 strategy of stabilizing oil output and increasing natural gas output was promoted solidly and effectively.

New Energy

In the first half of 2024, the Group actively promoted the layout of new energy grand base and the competitive bidding of new energy quota, newly obtained 7.25 million kilowatts of wind power and photovoltaic power quota and signed contracts in relation to geothermal heating with an area of 46.15 million square meters. The Group accelerated the construction of key projects, the Lindian 1.6 million kilowatts of wind power project in Daqing oilfield and coal and electricity integration of 2.64 million kilowatts of photovoltaic project in Xinjiang oilfield commenced construction, the full capacity of Kashgar 1.1 million kilowatts of photovoltaic project in Tarim oilfield connected to the power grid, and the Korla 1.3 million kilowatts photovoltaic project commenced construction. In the first half of 2024, energy output from wind and photovoltaic power plants amounted to 2.17 billion kilowatts, representing an increase of 154.5% as compared with the output of 0.85 billion kilowatts in same period of last year. The Group deeply promoted the development of the whole industry chain of carbon capture, utilization and storage ("CCUS") businesses and injected 0.837 million tons of carbon dioxide.

Key Figures for the Oil, Gas and New Energy Segment

	Unit	For the first half of 2024	For the first half of 2023	Changes (%)
Crude oil output [a]	Million barrels	474.8	474.3	0.1
of which: Domestic	Million barrels	392.8	392.3	0.1
Overseas	Million barrels	82.0	82.0	unchanged
Marketable natural gas output [a]	Billion cubic feet	2,584.2	2,517.1	2.7
of which: Domestic	Billion cubic feet	2,486.8	2,417.3	2.9
Overseas	Billion cubic feet	97.4	99.8	(2.5)
Oil and natural gas equivalent output	Million barrels	905.5	893.8	1.3
of which: Domestic	Million barrels	807.3	795.1	1.5
Overseas	Million barrels	98.2	98.7	(0.5)
Energy output from wind and photovoltaic power plants	100 million kilowatts	21.7	8.5	154.5

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

• Refining, Chemicals and New Materials

In the first half of 2024, the Group paid close attention to the changes in market demand, coordinated and optimized crude oil resources, processing load, product structure and equipment inspection and maintenance, and strengthened the connection of industrial chain operation. The Group processed 693.3 million barrels of crude oil, representing an increase of 3.0% from 673.0 million barrels in the same period of last year. The Group produced 60.119 million tons of refined oil products, representing an increase of 2.1% from 58.856 million tons in the same period of last year, among which the production of aviation kerosene achieved a significant increase of 42.4%. The Group strengthened the mutual supply of raw materials, maintained the high load operation of ethylene, aromatics and other plants, actively developed new chemical products and materials and registered and established Blue Ocean New Materials (Tongzhou Bay) Company Limited（藍海新材料（通州灣）有限責任公司）("Blue Ocean New Materials"). The commodity volume of chemical products was 19.043 million tons, representing an increase of 10.2% from 17.286 million tons in the same period of last year. The output of synthetic resin was 6.590 million tons, representing an increase of 5.8% from 6.226 million tons in the same period of last year. The output of synthetic fibre raw materials and polymers was 584,000 tons, representing an increase of 7.0% from 546,000 tons in the same period of last year. The output of new materials was 1,074,000 tons, representing an increase of 72.0% from 624,000 tons in the same period of last year. The Group optimized and improved the marketing mechanism of chemical products, seized the opportunity of market recovery, increased the development of direct selling customers, expanded the market for high-end and featured products, causing sales volumes of chemical products and featured refined products increased significantly.

Adhering to the high-end, intelligent and green direction and continuing to promote the transformation and upgrading of refining and chemical industry, the construction of the refining and chemical transformation and upgrading project of Jilin Petrochemical Company, the Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project, and the Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project were steadily implemented.

Key Figures for the Refining, Chemicals and New Materials Segment

	Unit	For the first half of 2024	For the first half of 2023	Changes (%)
Processed crude oil [(a)]	Million barrels	693.3	673.0	3.0
Gasoline, kerosene and diesel output	'000 tons	60,119	58,856	2.1
of which: Gasoline	'000 tons	24,403	23,938	1.9
Kerosene	'000 tons	8,954	6,288	42.4
Diesel	'000 tons	26,762	28,630	(6.5)
Refining yield	%	94.98	93.55	1.43 percentage points
Ethylene	'000 tons	4,249	3,988	6.5
Synthetic resin	'000 tons	6,590	6,226	5.8
Synthetic fibre raw materials and polymers	'000 tons	584	546	7.0
Synthetic rubber	'000 tons	499	493	1.2
Urea	'000 tons	1,487	1,023	45.4

(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 2024, the Group strengthened the analysis, study and judgment of the market situation of refined oil products, deeply implemented differentiated marketing strategies, strengthened the integration of wholesale and retail, oil and non-oil products, online and offline marketing and the development of new customers, strived to stabilize the sales volume of refined oil products under the fiercely competitive market, improved market share and ensured the smooth and efficient operation of the industrial chain. The Group accelerated green and low-carbon transformation, actively promoted the layout of refuelling and gas stations, photovoltaic stations, charging and swapping power stations, hydrogen refuelling stations and "oil, gas, hydrogen, power and non-oil products" integrated energy stations, continuously improved the marketing network system and continuously enhanced service capabilities. The Group promoted the "convenience store+N" operation mode, cultivated key categories, expanded off-station sales, causing the gross profit of non-oil business increased significantly.

International Trading Operations

In the first half of 2024, the Group optimized the layout of the international market, enriched and expanded trade varieties, strived to lower procurement costs, optimized the export of refined oil products and chemical products, increased export volumes and profitability and promoted the increase of the overall value of the industrial chain.

In the first half of 2024, the Group sold a total of 79.053 million tons of gasoline, kerosene and diesel, representing a decrease of 2.0% as compared with sales of 80.668 million tons in the same period of last year, among which the domestic sales of gasoline, kerosene and diesel were 58.447 million tons, representing a decrease of 1.5% as compared with sales of 59.345 million tons in the same period of last year.

Key Figures for the Marketing Segment

Production and Operations Data	Unit	For the first half of 2024	For the first half of 2023	Changes (%)
Total sales volume of gasoline, kerosene and diesel	'000 tons	79,053	80,668	(2.0)
of which: Gasoline	'000 tons	32,503	33,396	(2.7)
Kerosene	'000 tons	10,243	8,797	16.4
Diesel	'000 tons	36,307	38,475	(5.6)
Domestic sales volume of gasoline, kerosene and diesel	'000 tons	58,447	59,345	(1.5)
of which: Gasoline	'000 tons	25,217	25,546	(1.3)
Kerosene	'000 tons	5,173	4,804	7.7
Diesel	'000 tons	28,057	28,995	(3.2)

Number of gas stations and convenience stores	Unit	As of June 30, 2024	As of December 31, 2023	Changes (%)
Number of gas stations	unit	22,842	22,755	0.4
of which: self-operated gas stations	unit	20,608	20,367	1.2
Number of convenience stores	unit	19,610	19,583	0.1

• Natural Gas Sales

In the first half of 2024, the Group comprehensively optimized the sales flow and user structure of natural gas, actively developed high-end and high-profitable markets, strengthened the development of direct selling customers and end-customers, actively applied online trading channels and effectively improved the sales volume and profitability.

In the first half of 2024, the Group achieved sales of 147.217 billion cubic meters of natural gas, representing an increase of 12.9% as compared with sales of 130.352 billion cubic meters in the same period of last year, of which 114.937 billion cubic meters were sold domestically, representing an increase of 5.8% from 108.646 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 2024, the Group achieved a revenue of RMB1,553,869 million, representing an increase of 5.0% as compared with the revenue of RMB1,479,871 million in the same period of last year. Profit for the period attributable to owners of the Company was RMB88,611 million, representing an increase of 3.9% as compared with RMB85,272 million in same period of last year. There was a basic earnings per share of RMB0.48.

Revenue The revenue of the Group was RMB1,553,869 million for the first half of 2024, representing an increase of 5.0% as compared with the revenue of RMB1,479,871 million in the same period of last year. This was primarily due to the Group's increase in the sales price of crude oil and gasoline, the sales volume of natural gas and sales volume and price of kerosene, polyethylene and other 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 2024 and 2023 and their respective percentages of change:

	Sales Volume ('000 tons)			Average Realized Price (RMB/ton)		
	For the first half of 2024	For the first half of 2023	Percentage of change (%)	For the first half of 2024	For the first half of 2023	Percentage of change (%)
Crude oil [(a)]	67,129	74,057	(9.4)	4,207	3,893	8.1
Natural gas (100 million cubic metres, RMB/'000 cubic metres) [(b)]	1,472.17	1,303.52	12.9	2,219	2,373	(6.5)
Gasoline	32,503	33,396	(2.7)	8,341	7,989	4.4
Kerosene	10,243	8,797	16.4	5,833	5,728	1.8
Diesel	36,307	38,475	(5.6)	6,857	6,894	(0.5)
Polyethylene	3,132	3,071	2.0	7,434	7,368	0.9
Polypropylene	1,866	1,886	(1.1)	6,801	6,862	(0.9)
Lubricant	1,010	763	32.4	8,526	9,439	(9.7)

(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 of the Group; the average realized price of natural gas is the external sales price of the Group, the decrease of which was primarily due to the decrease of international trading sales price.

Operating Expenses Operating expenses amounted to RMB1,428,940 million for the first half of 2024, representing an increase of 5.1% as compared with expenses of RMB1,359,254 million in the same period of last year, of which:

Purchases, Services and Other Purchases, services and other amounted to RMB1,064,417 million for the first half of 2024, representing an increase of 5.9% as compared with RMB1,004,823 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 raw material oil.

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) for the first half of 2024 amounted to RMB82,039 million, representing an increase of 5.5% as compared with costs of RMB77,798 million in the same period of last year. This was primarily due to the employee compensation changes in tandem with profits.

Exploration Expenses Exploration expenses amounted to RMB7,942 million for the first half of 2024, representing a decrease of RMB1,156 million as compared with RMB9,098 million in the same period of last year. This was primarily due to the Group's insistence on high-profitable exploration and development and optimization of oil and gas exploration deployment.

Depreciation, Depletion and Amortisation Depreciation, depletion and amortisation amounted to RMB116,569 million for the first half of 2024, representing an increase of 3.1% as compared with RMB113,017 million in the same period of last year. This was primarily due to the increase of the production in oil and gas products and increase of the cost of fixed assets and oil and gas properties.

Selling, General and Administrative Expenses Selling, general and administrative expenses amounted to RMB27,179 million for the first half of 2024, representing a decrease of 5.1% as compared with RMB28,647 million in the same period of last year. This was primarily due to the Group's insistence on low-cost development and continuing to reduce non-productive expenses.

Taxes other than Income Taxes Taxes other than income taxes amounted to RMB134,794 million for the first half of 2024, representing an increase of 3.5% as compared with taxes of RMB130,220 million in the same period of last year, of which the consumption taxes was RMB86,936 million, representing a decrease of 1.5% as compared with consumption taxes of RMB88,256 million in the same period of last year; the resource taxes was RMB15,396 million, representing an increase of 6.1% as compared with resource taxes of RMB14,509 million in the same period of last year; the crude oil special gain levy was RMB9,277 million, representing an increase of RMB2,519 million as compared with the levy of RMB6,758 million in the same period of last year; the levy for mineral rights concessions was RMB2,164 million.

Other Income, Net Other income, net amounted to RMB4,000 million for the first half of 2024, representing a decrease of 8.0% as compared with RMB4,349 million in the same period of last year. This was primarily due to the changes in fair value of derivatives business.

Profit from Operations Profit from operations amounted to RMB124,929 million in the first half of 2024, representing an increase of 3.6% as compared with profits of RMB120,617 million in the same period of last year.

Net Exchange Gain Net exchange gain amounted to RMB247 million for the first half of 2024, representing an increase of RMB189 million as compared with the gain of RMB58 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 amounted to RMB6,329 million for the first half of 2024, representing a decrease of 26.3% as compared with the expense of RMB8,587 million in the same period of last year. This was primarily due to the decline in the scale of interest-bearing debts and the unit cost of debt financing.

Profit before Income Tax Expense Profit before income tax expense amounted to RMB129,139 million for the first half of 2024, representing an increase of 6.1% as compared with the profit of RMB121,755 million in the same period of last year.

Income Tax Expense Income tax expense amounted to RMB29,525 million for the first half of 2024, representing an increase of 8.6% as compared with the expense

RMB27,176 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 2024 amounted to RMB99,614 million, representing an increase of 5.3% as compared with RMB94,579 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 amounted to RMB11,003 million for the first half of 2024, representing an increase of 18.2% as compared with RMB9,307 million in the same period of last year. This was primarily due to the increase of 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 amounted to RMB88,611 million for the first half of 2024, representing an increase of 3.9% as compared with profits of RMB85,272 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 2024 was RMB449,723 million, representing an increase of 5.9% from RMB424,782 million as compared with the same period of last year. This was primarily due to the increase in the prices of crude oil and the sales volume of natural gas. The average realized crude oil price was US$77.45 per barrel, representing an increase of 4.5% from US$74.15 per barrel as compared with the same period of last year.

Operating Expenses Operating expenses of the Oil, Gas and New Energy segment were RMB358,064 million for the first half of 2024, representing an increase of 5.5% from RMB339,267 million as compared with the same period of last year. This was primarily due to the increase in procurement costs, depreciation, depletion and amortization and tax expenses. The unit oil and gas lifting cost amounted to US$11.03 per barrel, representing an increase of 1.9% from US$10.82 per barrel as compared with the same period of last year, which was primarily due to the increase in basic operation expenses.

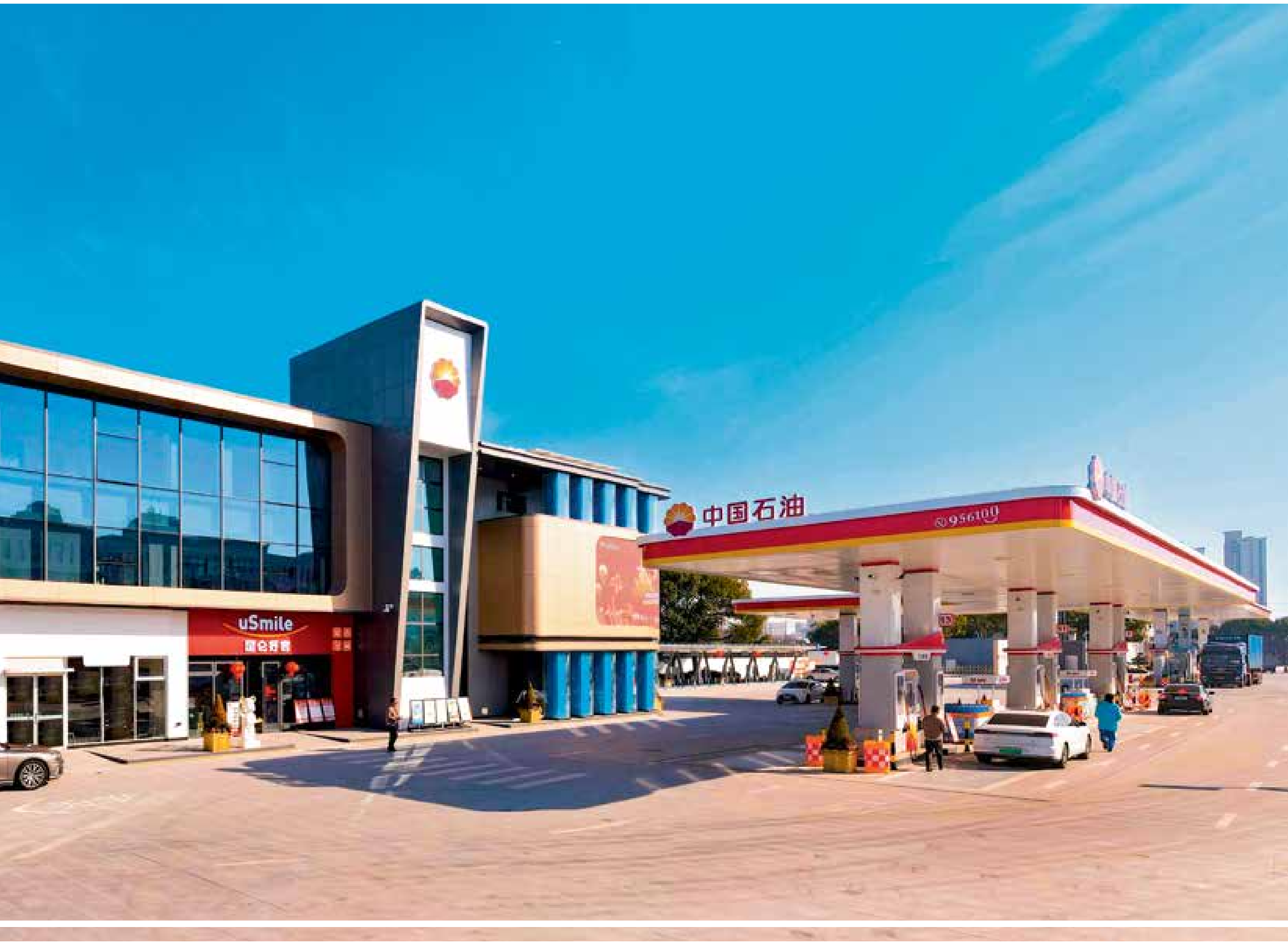
Profit from Operations In the first half of 2024, the Group's Oil, Gas and New Energy segment insisted efficient exploration and high-profitable development, optimized and improved oil and gas exploration and development plans, continued to strengthen investment and cost and expenses control and strived to improve cost competitiveness. The Oil, Gas and New Energy segment recorded a profit from operations of RMB91,659 million, representing an increase of 7.2% from RMB85,515 million as compared with the same period of last year.

Refining, Chemicals and New Materials

Revenue The revenue of the Refining, Chemicals and New Materials segment for the first half of 2024 was RMB635,566 million, representing an increase of 10.5% from RMB575,005 million as compared with the same period of last year. This was primarily due to the increase in prices of refined products and increase in prices and production and sales volume of most chemical products.

Operating Expenses Operating expenses of the Refining, Chemicals and New Materials segment were RMB621,937 million for the first half of 2024, representing an increase of 11.7% from RMB556,655 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 raw material oil. The unit cash processing cost of refining was RMB215.91 per ton, representing a decrease of 2.2% from RMB220.71 per ton as compared with the same period of last year.

Profit from Operations In the first half of 2024, the Refining, Chemicals and New Materials segment adhered to the market-oriented approach, continued optimizing production plans and product structure, strived to improve



the production and sales volumes of high-end and high-value-added featured refined products and new chemical products and materials. This segment strengthened the delicacy management of production process and effectively controlled the processing costs. The Refining, Chemicals and New Materials segment recorded a profit from operations of RMB13,629 million, representing a decrease of RMB4,721 million from RMB18,350 million as compared with the same period of last year, of which, the refining business recorded a profit from operations of RMB10,503 million, representing a decrease of RMB8,008 million from RMB18,511 million as compared with the same period of last year, which was primarily due to the narrowing in the profit margins of the refining business; the chemical business recorded a profit from operations of RMB3,126 million, representing a turnaround of RMB3,287 million compared with the operating loss of RMB161 million in the same period of last year, which was primarily due to the improvement of the domestic chemical products market and the continuous improvement of the profitability of the chemicals business.

Marketing

Revenue The revenue of the Marketing segment for the first half of 2024 was RMB1,269,126 million, representing an increase of 3.6% from RMB1,225,310 million as compared with the same period of last year. This was primarily due to the combined effects of changes in the price and sales volume of domestic refined oil products and the increase in revenue from international trading.

Operating Expenses Operating expenses of the Marketing segment were RMB1,259,022 million for the first half of 2024, representing an increase of 3.7% from RMB1,214,365 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 2024, the Marketing segment actively responded to the fiercely competitive market, carried out market analysis, study and judgment in advance, optimized marketing strategies, strived to increase the domestic market share, consistently improved the cross-market operation capabilities in both international and domestic markets and coordinated products exports according to their profitability. The Marketing segment recorded a profit from operations of RMB10,104 million, representing a decrease of 7.7% from RMB10,945 million as compared with the same period of last year.

Natural Gas Sales

Revenue The revenue of the Natural Gas Sales segment was RMB298,079 million for the first half of 2024, representing an increase of 7.9% from RMB276,341 million as compared with the same period of last year. This was primarily due to the increase in sales volume and price of natural gas in the domestic market.

Operating Expenses Operating expenses of the Natural Gas Sales segment were RMB281,274 million for the first half of 2024, representing an increase of 7.3% from RMB262,221 million in the same period of last year. This was primarily due to the increase in procurement volume of natural gas.

Profit from Operations In the first half of 2024, the Natural Gas Sales segment seized the favourable opportunity of the downward trend of international natural gas prices, consistently optimized the structure of resource pools, reduced the comprehensive procurement costs, increased efforts to develop the high-end and high-profitable market, vigorously developed direct selling customers and end-customers and continuously improved customer service level. The Natural Gas Sales segment recorded a profit from operations of RMB16,805 million, representing an increase of 19.0% from RMB14,120 million in the same period of last year.

In the first half of 2024, the Group's overseas operations[(a)] realized a revenue of RMB573,079 million, accounting for 36.9% of the total revenue of the Group; profit before income tax expense was RMB24,320 million, accounting for 18.8% of the profit before income tax expense of the Group.

(a) 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, 2024	As of December 31, 2023	Percentage of Change
	RMB million	RMB million	%
Total assets	2,768,039	2,752,448	0.6
Current assets	672,371	658,520	2.1
Non-current assets	2,095,668	2,093,928	0.1
Total liabilities	1,090,130	1,122,075	(2.8)
Current liabilities	716,641	689,007	4.0
Non-current liabilities	373,489	433,068	(13.8)
Total equity attributable to owners of the Company	1,489,661	1,446,163	3.0
Share capital	183,021	183,021	-
Reserves	340,910	343,738	(0.8)
Retained earnings	965,730	919,404	5.0
Total equity	1,677,909	1,630,373	2.9

Total assets amounted to RMB2,768,039 million, representing an increase of 0.6% from RMB2,752,448 million as of the end of 2023, of which:

Current assets amounted to RMB672,371 million, representing an increase of 2.1% compared with RMB658,520 million as of the end of 2023, primarily due to the increase in accounts receivable, prepayments and other current assets.

Non-current assets amounted to RMB2,095,668 million, representing an increase of 0.1% compared with RMB2,093,928 million as of the end of 2023, primarily due to the increase in investments in associates and joint ventures, intangible assets and other non-current assets.

Total liabilities amounted to RMB1,090,130 million, representing a decrease of 2.8% from RMB1,122,075 million as of the end of 2023, of which:

Current liabilities amounted to RMB716,641 million, representing an increase of 4.0% from RMB689,007 million as of the end of 2023, primarily due to the increase in accounts payable and accrued liabilities.

Non-current liabilities amounted to RMB373,489 million, representing a decrease of 13.8% from RMB433,068 million as of the end of 2023, primarily due to the decrease of debt amount, optimization of debt structure and the decrease in long-term borrowings.

Equity attributable to owners of the Company amounted to RMB1,489,661 million, representing an increase of 3.0% from RMB1,446,163 million as of the end of 2023, primarily due to the increase in retained earnings.

- Cash Flows

As of June 30, 2024, 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 owners of the Company.

The table below sets out the cash flows of the Group for the first half of 2024 and 2023, respectively, and the amount of cash and cash equivalents as of the end of each period:

	For the six months ended June 30	
	2024	2023
	RMB million	RMB million
Net cash flows from operating activities	217,329	221,706
Net cash flows used for investing activities	(140,285)	(119,409)
Net cash flows used for financing activities	(133,006)	(78,692)
Translation of foreign currency	(935)	4,378
Cash and cash equivalents at the end of the period	192,104	219,173

Net Cash Flows from Operating Activities

The net cash flows from operating activities for the first half of 2024 amounted to RMB217,329 million, representing a decrease of 2.0% from RMB221,706 million as compared with the same period of last year. This was primarily due to the increase in profits and change in working capital during the reporting period. As of June 30, 2024, the Group had cash and cash equivalents of RMB192,104 million, of which, approximately 49.7% were denominated in US dollars, approximately 46.0% were denominated in Renminbi, approximately 2.1% were denominated in Hong Kong dollars and approximately 2.2% were denominated in other currencies.

Net Cash Flows Used for Investing Activities

The net cash flows used for investing activities for the first half of 2024 amounted to RMB140,285 million, representing an increase of 17.5% compared with RMB119,409 million in the same period of last year. This was primarily due to an increase in time deposits with maturities over three months and cash disbursements for construction of property, plant and equipment.

Net Cash Flows Used for Financing Activities

The net cash flows used for financing activities for the first half of 2024 amounted to RMB133,006 million, representing an increase of 69.0% compared with RMB78,692 million in the same period of last year. This was primarily due to the decrease of debt amount, optimization of debt structure and decrease of net amount of short-term borrowings.

The net borrowings of the Group as of June 30, 2024 and December 31, 2023, respectively, were as follows:

	As of June 30, 2024	As of December 31, 2023
	RMB million	RMB million
Short-term borrowings (including current portion of long-term borrowings)	132,687	148,780
Long-term borrowings	81,126	143,198
Total borrowings	213,813	291,978
Less: Cash and cash equivalents	192,104	249,001
Net borrowings	21,709	42,977

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, 2024	As of December 31, 2023
	RMB million	RMB million
Within 1 year	137,562	160,305
Between 1 and 2 years	26,166	93,927
Between 2 and 5 years	41,222	36,931
After 5 years	25,189	22,961
	230,139	314,124

Of the total borrowings of the Group as of June 30, 2024, approximately 38.0% were fixed-rate loans and approximately 62.0% were floating-rate loans; approximately 55.9% were denominated in Renminbi, approximately 41.2% were denominated in US dollars and approximately 2.9% were denominated in other currencies. As of June 30, 2024, the gearing ratio of the Group (gearing ratio = interest-bearing borrowing/(interest-bearing borrowing + total equity)) was 11.3% (December 31, 2023: 15.2%).

- Capital Expenditures

For the first half of 2024, the Group adhered to the concept of rigorous investment, precise investment and profitable investment, optimized investment scale and structure and improved investment returns. The capital expenditures of the Group amounted to RMB78,942 million, representing a decrease of 7.3% from RMB85,137 million as compared with the same period of last year. The capital expenditures throughout 2024 is estimated at RMB258,000 million. The following table sets out the capital expenditures incurred by the Group for the first half of 2024 and for the first half of 2023 and the estimated capital expenditures for each of the business segments of the Group throughout the year of 2024.

	For the first half of 2024		For the first half of 2023		Estimates for 2024	
	RMB million	(%)	RMB million	(%)	RMB million	(%)
Oil, Gas and New Energy	67,413	85.40	79,626	93.53	213,000	82.56
Refining, Chemicals and New Materials	9,666	12.24	3,471	4.07	29,000	11.24
Marketing	827	1.05	722	0.85	7,000	2.71
Natural Gas Sales	576	0.73	988	1.16	6,000	2.33
Head Office and Other	460	0.58	330	0.39	3,000	1.16
Total	78,942	100.00	85,137	100.00	258,000	100.00

Oil, Gas and New Energy

Capital expenditures for the Oil, Gas and New Energy segment of the Group amounted to RMB67,413 million for the first half of 2024, which were primarily used for the exploration and development with scale benefit and profitability in key domestic basins such as Songliao, Ordos, Junggar, Tarim, Sichuan and Bohai Bay, devoting greater efforts in the exploration of unconventional resources such as shale gas and shale oil, accelerating the construction of gas storage capacity, promoting new energy projects such as clean electricity, geothermal heat utilization and CCUS; and the Group proactively focused on profitable exploration and development and large-scale reserves and promoted the key projects including those in Middle East, Central Asia, Africa, America and Asia-Pacific.

The Group anticipates that capital expenditures for the Oil, Gas and New Energy segment throughout 2024 will amount to RMB213,000 million.

Refining, Chemicals and New Materials

Capital expenditures for the Refining, Chemicals and New Materials segment of the Group amounted to RMB9,666 million for the first half of 2024, which were primarily used for large projects such as the refining and chemical transformation and upgrading project of Jilin Petrochemical Company and the Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project, and the newly commenced Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project.

The Group anticipates that capital expenditures for the Refining, Chemicals and New Materials segment throughout 2024 will amount to RMB29,000 million.

Marketing

Capital expenditures for the Marketing segment of the Group amounted to RMB827 million for the first half of 2024, which were used primarily for the construction of domestic "oil, gas, hydrogen, power and non-oil products" integrated energy stations, the construction of charging and swapping power stations and the optimization of deployment of terminal network.

The Group anticipates that capital expenditures for the Marketing segment throughout 2024 will amount to RMB7,000 million.

Natural Gas Sales

Capital expenditures for the Natural Gas Sales segment of the Group amounted to RMB576 million for the first half of 2024, which were primarily used for the construction of Fujian liquified natural gas ("LNG") receiving stations and export pipelines, natural gas branch lines and market development projects for urban gas end-market.

The Group anticipates that capital expenditures for the Natural Gas Sales segment throughout 2024 will amount to RMB6,000 million.

Head Office and Other

Capital expenditures for the Head Office and Other segment for the first half of 2024 amounted to RMB460 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 2024 will amount to RMB3,000 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 2024	Cost of principal operations for the first half of 2024	Gross 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 margin
	RMB million	RMB million	%	%	%	Percentage points
Oil, Gas and New Energy	441,017	298,733	25.0	5.8	5.2	(0.5)
Refining, Chemicals and New Materials	632,639	504,735	4.8	10.7	15.9	(1.7)
Marketing	1,252,547	1,214,350	3.0	3.8	3.8	unchanged
Natural Gas Sales	295,146	281,813	4.5	7.8	7.2	0.6
Head Office and Other	397	101	-	136.3[(b)]	(15.1)	-
Intersegment elimination	(1,100,213)	(1,104,815)	-	-	-	-
Total	1,521,533	1,194,917	12.9	5.2	5.7	(0.3)

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

(b) The relatively large increase in the income from principal operations of head office and other segment was primarily due to the significant increase in the income in relation to the research and development of the Group.

- Principal operations by region under CAS

	For the first half of 2024	For the first half of 2023	Changes over the same period of the preceding year
Revenue from external customers	RMB million	RMB million	%
China's mainland	980,790	954,624	2.7
Others	573,079	525,247	9.1
Total	1,553,869	1,479,871	5.0

• Principal subsidiaries and associates of the Group

Company name	Registered capital	Shareholding	Amount of total assets	Amount of total liabilities	Amount of net assets/ (liabilities)	Net profit/ (loss)
	RMB million	%	RMB million	RMB million	RMB million	RMB million
Daqing Oilfield Company Limited ("Daqing Oilfield")	47,500	100	401,047	156,124	244,923	11,957
CNPC Exploration and Development Company Limited	16,100	50	223,560	29,934	193,626	8,742
PetroChina Hong Kong Limited	HK$7,592 million	100	164,347	52,960	111,387	5,958
PetroChina International Investment Company Limited	31,314	100	109,642	194,697	(85,055)	(2,202)
PetroChina International Co., Ltd.	18,096	100	315,001	206,350	108,651	7,854
PetroChina Sichuan Petrochemical Company Limited	10,000	90	29,458	4,488	24,970	382
China Oil & Gas Pipeline Network Corporation	500,000	29.9	940,777	336,141	604,636	18,979
China Petroleum Finance Co., Ltd. ("CNPC Finance")	16,395	32	517,306	427,343	89,963	3,836
CNPC Captive Insurance Co., Ltd.	6,000	49	11,609	4,176	7,433	17
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50	15,377	12,834	2,543	107
Mangistau Investment B.V.	US$131 million	50	11,419	3,191	8,228	376
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50	54,633	2,210	52,423	1,710

Note：For the nature of business and net profit of principal subsidiaries and associates, please refer to Note 6 and Note 16 to the financial statements prepared in accordance with CAS.

3. Business Prospects for the Second Half of 2024

In the second half of 2024, the world economy is expected to maintain moderate growth, and China's economy will continue to rebound to a good momentum, but the internal and external situations are still complicated. Supply and demand in the international crude oil market are generally balanced, and international oil prices are expected to remain high and volatile. The domestic refined oil products market is facing the fierce competition, and the demand for natural gas market maintains rapid growth. The Group will actively respond to market changes, implement high-quality development requirements, adjust and optimize production and operation strategies in a timely manner, maintain the safe, stable and efficient operation of oil and gas industrial chains and various business, focus on enhancing the quality and profitability of business development, accelerate the layout of emerging industries, and strive to create value for shareholders.

In terms of oil, gas and new energy segment, the Group will adhere to efficient exploration and high-profitable development, focus on increasing the large-scale economically recoverable reserves and improving the reserve-production ratio, strengthen the risk-oriented exploration, further promote the concentrated exploration and development in the large-scale increasing reserves fields in basins such as Tarim, Ordos and Sichuan, deepen the fine exploration and development in the oil-rich sags in the eastern basins, coordinate and promote the efficient and stable production in old areas and the profitable and productive development in new areas on an overall basis, strive to improve the recovery ratio of old oil and gas fields, and focus on major construction and production projects. The Group will focus on the concentrated exploration of projects including Chad PSA and Kazakhstan Aktobe, improve the profitability and reserves increase scale, strengthen the construction of key production capacity including West Qurna in Iraq, accelerate the first-phase operation of the Canadian LNG project, intensify the acquisition of new projects, and continuously optimize the structure of overseas oil and gas assets. The Group will actively participate in the competitive bidding for wind power and photovoltaic power quota, strive to expand the domestic geothermal heating market, make solid progress in the industrial layout of hydrogen energy and the development and utilization of associated resources, and accelerate the construction of Songliao CCUS-EOR demonstration base and the cluster development of Ordos CCUS.

In respect of refining, chemicals and new materials segment, the Group will adhere to the principles of market orientation and profitability, promote the allocation of resources to enterprises with integration of refining and chemicals and with good profitability, optimize crude oil processing routes and product structure, increase production of high-grade gasoline, aviation kerosene, paraffin, low-sulphur petroleum coke and other marketable products, make efforts to increase the load of ethylene, paraxylene (PX) and other chemical devices, vigorously develop the business of new chemical materials, and strive to increase the output of functional synthetic resin, high-performance synthetic rubber and other products. The Group will continue to perfect the chemicals marketing mechanism, optimize the layout of domestic and international markets, and strive to enhance the sales volume, market share and profitability of chemical products. The Group will adhere to the high-end, intelligent and green direction, accelerate the transformation and upgrading, orderly carry out the construction of Blue Ocean New Materials and other projects, deeply promote the construction of smart plants and green enterprises, and carry out pilot projects for green and low-carbon transformation of refining and chemicals enterprises.

In terms of marketing segment, the group will deepen niche market study, judgment and research, formulate and implement detailed marketing strategies, i.e., allocating more resources to profitable areas and incremental markets, focus on the marketing of high-standard gasoline and aviation kerosene, make efforts to stabilize sales volume, enhance market share and increase sales profitability. The group will optimize incentive mechanisms and evaluation systems, perfect customer management from the perspective of lifecycle management and hierarchical and classified management, strive to expand customer scale, improve service quality and enhance customer stickiness. The Group will accelerate the green and low-carbon transformation, actively promote the layout of the charging business, intensify the development of the gas refilling business, steadily promote the hydrogenation business, deepen the integrated development of the oil products, non-oil products and charging business, and comprehensively build an integrated service system of "oil, gas, hydrogen, power and non-oil products". The Group will continue to optimize the layout of domestic and overseas network, strengthen the global integrated operation and cross-regional operation of resources, and strive to enhance the overall efficiency of the industrial chain.

In terms of the natural gas sales segment, the Group will make an overall plan for the connection between resource supply and demands, highlight market-oriented approaches, enrich and improve combined marketing strategies such as purchasing spot goods on a commission basis and conducting exclusive transactions, increase online transactions and market-price selling, and constantly improve the profitability of natural gas sales. The Group will intensify market expansion, vigorously develop incremental customers in the current market, accelerate the implementation of incremental market projects, strive to expand the coastal high-end and high-profitable market, direct selling customers and end-customers, focus on the development of new energy business of natural gas power generation, and consolidate and increase market share. The Group will steadily and orderly promote the construction of LNG receiving stations and sales branch lines.

By Order of the Board of Directors
Dai Houliang
Chairman
Beijing, the PRC
August 26, 2024

SIGNIFICANT EVENTS

1. Governance of the Company

During the reporting period, the Company operated business in a regularized manner in accordance with domestic and overseas regulatory requirements. Pursuant to Articles of Association of PetroChina Company Limited (the "Articles of Association"), relevant laws and regulations and the securities regulatory rules of the jurisdictions in which the Company is listed and in light of the actual conditions of the Company, the Company formulated, improved and effectively implemented the various working policies and rules of procedure for the Board of Directors and its respective committees. The general meeting, the Board and its respective committees, the Supervisory Committee 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, 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 convened 1 general meeting, 2 meetings of the Board and 3 meetings of the Supervisory Committee, adopting 9 resolutions of the general meeting (including 7 ordinary and 2 special resolutions), 21 resolutions of the Board and 10 resolutions of the Supervisory Committee. Such meetings were prepared and convened in compliance with the relevant laws and rules and the adopted resolutions were lawful and valid.

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

2. Compliance with the Corporate Governance Code

For the six months ended June 30, 2024, 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 Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

On March 25, 2024, Mr. Zhang Minglu resigned as chief safety director of the Company due to age reason. On March 25, 2024, the Company held the 6th meeting of the 9th session of the Board which considered and passed the resolution regarding the appointment of chief safety director of the Company and appointed Mr. Shen Fuxiao as chief safety director of the Company.

On April 19, 2024, Ms. Liao Guoqin and Mr. Fu Bin resigned as employees representative Supervisors due to work arrangements. On April 19, 2024, upon democratic election by the employee representatives, Mr. Fang Qing and Mr. Wang Binquan were elected as employee representative Supervisors. On June 5, 2024, upon election in the general meeting of the Company, Mr. Zhou Song was elected as a Supervisor. On June 5, 2024, upon election in the 6th meeting of the 9th session of the Supervisory Committee, Mr. Zhou Song was elected as the chairman of the Supervisory Committee.

3.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 authorised by the shareholders to decide the distribution of 2024 interim dividend and has considered and approved the 2024 interim dividend at the 8th meeting of the 9th session of the Board, with the consent of independent Directors.

4. The Implementation of Final Dividend for 2023 and the Distribution Plan of the Interim Dividend for 2024 and Closure of Register of Members

(1) The Implementation of Final Dividend for the Year Ended December 31, 2023

The final dividend in respect of 2023 of RMB0.23 (inclusive of applicable tax) per share, amounting to a total of RMB42,095 million, was approved by the shareholders at the 2023 annual general meeting of the Company on June 5, 2024 and was paid on June 26, 2024 (A shares) and July 29, 2024 (H shares), respectively.

(2) The Distribution Plan of the Interim Dividend for 2024 and Closure of Register of Members

The Board was authorised by the shareholders to approve the distribution of the interim dividend for 2024 at the 2023 annual general meeting of the Company on June 5, 2024. To provide returns to the shareholders, the Board has resolved to declare an interim dividend of RMB0.22 (inclusive of applicable tax) per share for 2024 on the basis of a total of 183,020,977,818 shares of the Company as of June 30, 2024. The total amount of the interim dividends payable is approximately RMB40,265 million and is expected to be paid on September 19, 2024 (A Shares) and October 28, 2024 (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 18, 2024. The register of members of H shares will be closed from September 13, 2024 to September 18, 2024 (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 Hong Kong Registrars Limited on or before 4:30 p.m., September 12, 2024. 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 18, 2024 will be eligible for the interim dividend.

In accordance with the relevant provisions of the Articles of Association of PetroChina Company Limited 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 2024 interim dividend by the Board is RMB0.91542 to 1.00 Hong Kong dollar. Accordingly, the interim dividend will be 0.24033 Hong Kong dollar (inclusive of applicable tax) per H share.

The Company has appointed Bank of China (Hong Kong) Trustees 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 28, 2024 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 share 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 organisations, 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 18, 2024.

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〈非居民納税人享受協定待遇管理辦法〉的公告》(國家税務總局公告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 18, 2024 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 12, 2024 (address: Hong Kong Registrars Limited, Shops 1712-1716, 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 18, 2024.

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 國家税務總局 證監會關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[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 國家税務總局 證監會關於深港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[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 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.

5. Material Litigation and Arbitration

During the reporting period, the Company has no material litigations or arbitrations.

6. Items to which Fair Value Measurement Is Applied

Unit: RMB million

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	839	693	(146)	-
Account receivables	10,661	11,142	481	-
Financial assets at fair value through profit or loss	7,404	9,895	2,491	(278)
Financial liabilities at fair value through profit or loss	1,727	4,685	2,958	-
Derivative financial instruments	6,210	4,712	(1,498)	(1,114)

7. Material Acquisition, Disposal and Restructuring of Assets

During the reporting period, the Company has no material acquisition, disposal or restructuring of assets.

8. Material Connected Transactions

(1) Continuing connected transactions

(a) Connected transactions with CNPC

According to the Hong Kong Listing Rules and the Shanghai Stock Exchange Listing Rules (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 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 and by independent shareholders at the 2023 first extraordinary general meeting of the Company convened on August 30, 2023 and November 9, 2023, respectively.

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

Please refer to the section of “Connected Transactions” of the 2023 annual report published by the Company on the website of the Shanghai Stock Exchange on March 25, 2024 and the website of the Hong Kong Stock Exchange on April 23, 2024 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. On August 30, 2023, the Company entered into a financial services agreement with CNPC Finance, pursuant to which, CNPC Finance shall provide settlement services, deposit services and other financial services to the Group. This agreement is valid from January 1, 2024 to December 31, 2026. Please refer to the announcements of the Company published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange (Announcement No: Lin 2023-028) respectively 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. The Group and CNPC Finance entered into separate agreements regarding their loan and financial derivative transactions. The loan services provided by CNPC Finance is based on normal commercial terms or on better terms and the Group does not provide assets as collateral. Pursuant to Chapter 6.3.18 of the SSE Listing Rules and Chapter 14A.90 of the Hong Kong Listing Rules, the loan services provided by CNPC Finance to the Group are fully exempted from shareholders’ approval, annual review and all disclosure requirements under Section 3 of Chapter 6 of the SSE Listing Rules and Chapter 14A of the Hong Kong Listing Rules. During the reporting period, the beginning balance of the Group’s deposits with CNPC Finance was RMB46,154 million, with cash inflows of RMB2,944,447 million and cash outflows of RMB2,927,270 million during the reporting period, and the end-of-period balance was RMB63,331 million, with the interest rate range varying from 0.05% to 5.8%. The beginning balance of the loans provided by CNPC Finance to the Group was RMB70,513 million, the amount of loans increased RMB2,844 million and the amount of loans decreased RMB25,038 million during the reporting period, and the end-of-period balance was RMB48,319 million, with the interest rate range varying from 1.95% to 4.91%. During the reporting period, the acceptance bill of exchange issued and bill discounted by CNPC Finance for the Group were RMB16,883 million and RMB2,379 million.

The Company entered into a currency derivatives service framework agreement with CNPC Finance on December 20, 2023. Pursuant to the agreement, the Group conducted currency derivatives transactions with CNPC Finance in 2024, 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, 2024. 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 20, 2023, respectively. During the reporting period, the transaction amount of currency derivatives transactions between CNPC Finance and the Group amounted to USD 4,792 million.

(2) Implementation of the continuing related party transactions during the reporting period

During the reporting period, the actual total transaction amounts of the related party transactions between the Group and its related parties were RMB261,669 million, among which the sales of goods and provision of services by the Group to its related parties amounted to RMB65,701 million, representing 4% of the same category transactions of the Group; the provision of goods and services by the related parties to the Group amounted to RMB195,968 million, representing 15% of the same category transactions of the Group. The balance of the capital provided by the related parties to the Group amounted to RMB128,604 million.

(3) Details of the related party transactions during the reporting period have been set out in note 63 under the financial statements prepared under CAS and note 18 under the financial statements prepared under IFRS Accounting Standards.

9. 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 RMB205,321 million, including RMB197 million for credit guarantee, RMB199,682 million for performance guarantee, RMB5,442 million for financing guarantee, and the balance of guarantees as of the end of the reporting period accounted for approximately 12.24% 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.

10. 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. As of the end of the reporting period, except for those already performed, the undertakings not performed by CNPC include the following: (1) certain overseas oil and gas projects owned by CNPC are located in countries or regions in social and political turbulence. In relation to such projects, foreign investors from specific countries are restricted by the policies, laws and regulations of their countries and cannot or are inconvenient to invest in companies that own such assets, and in order to protect the safety of the Company's own supply chain and reduce compliance risks, the Company has not yet decided to exercise the right to acquire such projects; (2) after execution of the Agreement, CNPC obtained certain business opportunities that competed or were likely to compete with the principal business of the Company, which was not in strict compliance with the Agreement. Nevertheless, such industry competition primarily concentrated on oil and gas exploration and development operations at certain overseas countries and regions in which the resources owned by CNPC were insufficient or uncertain.

In connection with matters described above, CNPC issued a Letter of Undertaking to the Company on June 20, 2014 and made additional undertakings that: (1) within ten years from the date of the Letter of Undertaking, after taking into account of political, economic and other factors, the Company may request CNPC to sell offshore oil and gas assets which remain in possession of CNPC at that time and which were in possession of CNPC as of the date of the Letter of Undertaking; (2) 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 items (1) and (2) above at the request of the Company.

Save for the above additional undertakings, undertakings made by CNPC in the Agreement remain unchanged. As of the end of the reporting period, CNPC has duly fulfilled undertaking item (1) above within the performance period of the Letter of Undertaking.

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

11. Penalties on the Company and its Directors, Supervisors, Senior Management, Controlling Shareholder and Ultimate Controller and Remedies Thereto

During the reporting period, none of the Company or its current Directors, Supervisors, 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 on material administrative penalty by other administrative authorities or was subject to any public criticisms made by a stock exchange.

12. 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 of the Group during the six months ended June 30, 2024.

13. 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 all the Directors and Supervisors, each Director and Supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code in the reporting period.

14. Interests of Directors, Supervisors and Chief Executive in the Share Capital of the Company

As of June 30, 2024, none of the Directors, Supervisors or chief executive of the Company had any interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the 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, Supervisors and chief executive pursuant to the Model Code.

15. 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.

16. Audit Committee

The audit committee of the Company comprises of Ms. Hung Lo Shan Lusan, Mr. Duan Liangwei and Mr. Jiang, Simon X. The main responsibilities of the audit committee are to review and monitor the financial reporting system and internal control procedures of the Group and to provide opinions to the Board.

The audit committee of the Company has reviewed and confirmed the interim report for the six months ended June 30, 2024.

17. 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, 2023 in respect of matters required to be disclosed under paragraph 32 of Appendix D2 to the Hong Kong Listing Rules.

18. Performance of Environmental and Social Responsibilities

The Group actively fulfilled its social responsibility, incorporated green and low-carbon into its development strategies, strictly complied with the Environmental Protection Law of the People's Republic of China and other relevant regulations, prevented and controlled pollution, enhanced ecological protection and devoted to becoming an excellent global corporate citizen.

The Group always adheres to the concept of "development with protection, protection with development and environmental protection priority", promoting all-round development of ecological and environmental protection. The Group deeply promoted clean production, energy saving and emission reduction, strictly controlled the disposal of waste water, waste gas and solid waste, stably disposed waste water and gas pollutants pursuant to the standard, reduced the total disposal amount comprehensively and disposed solid waste in accordance with laws. The Group continuously promoted the construction of green mines. The Group strengthened the investigation and rectification of hidden dangers in ecological environment and its relevant risk prevention and control, with no relatively major or above environmental pollution and ecological damage events occurred during the reporting period. Major environmental information about the Group is as follows:

(1) Waste information

In the first half of 2024, the emissions of nitrogen oxides (NOx) were 22,500 tons, the emissions of general solid waste were 1,458,000 tons, and the emissions of hazardous waste were 479,000 tons; the emissions of chemical oxygen demand (COD) were 2,200 tons[1]. The waste information has been disclosed in accordance with the relevant regulations and the requirements of the local

1 Waste gas emissions statistics includes torch emissions and the statistics of general solid waste is the amount of disposal entrusted by the Company to a third-party organization with relevant qualifications.

environmental protection authority. For details, please refer to the website of National Waste Permit Management Information Platform (全國排污許可證管理信息平臺) (http://permit.mee.gov.cn/ permitExt/defaults/default-index!getInformation.action).

(2) Construction and operation of pollution prevention and control facilities, environmental impact assessment of construction projects and other administrative licenses for environmental protection

In the first half of 2024, in accordance with the requirements of national and local pollution prevention and environmental protection standards, the Group established waste water, waste gas, solid waste, noise and other pollution prevention and control facilities and ensured their overall effective and stable operation. The Group strictly standardized the full-cycle environmental management of project construction, implemented the management requirements such as environmental impact assessment of national construction projects, and obtained EIA approvals from government departments in accordance with the law. All key pollutants disposal units have obtained administrative licenses and disposed the pollutants according to the licenses and laws.

(3) Contingency plan for environmental emergencies and environmental self-monitoring program

The Group carried out relevant work in accordance with the national regulations on the management of contingency plans for environmental emergencies, prepared and issued the "PetroChina Contingency Plan for Environmental Emergencies", fully implemented monitoring network for key pollution sources, strictly monitored the standard of emission of pollutants by enterprises, and implemented dynamic analysis and early warning for excessive and abnormal emissions at the same time. As of the end of June 2024, there were 881 online monitoring pollution sources. The key pollution sources required by the government have been fully monitored and connected to network. The automatic monitoring of pollution sources covers the Group's main production devices and pollution sources.

(4) Administrative penalties imposed on environmental issues during the reporting period

In the first half of 2024, the companies which are key pollutant disposal units of the Company received 1 local environmental penalty for environmental issues, with a total penalty amount of RMB129,800. The above company has disclosed the environmental information and administrative penalty on the website of local environmental protection authorities in accordance with the relevant regulations of the Ministry of Ecology and Environment of the People's Republic of China and the requirements of local environmental authorities. For companies that are not key pollutant disposal units, information of administrative penalties for environmental issues has also been disclosed on the websites of local environmental protection authorities in strict accordance with national and local government requirements. Please refer to the details on the local environmental protection authorities' websites.

(5) Other Environmental Information

The Group has formulated and implemented a three-step strategy of "clean substitution, strategic succession and green transformation", vigorously promoted energy conservation, carbon reduction and clean substitution, actively promoted the construction of carbon capture and utilization demonstration projects, strived to reduce carbon emissions, and accelerated the construction of an integrated oil, gas, heat, power and hydrogen energy supply system. The Group actively promoted the gradual shift from dual-control of energy consumption to dual-control management of carbon emissions, and determined and issued assessment and control targets for the total amount and intensity of carbon emissions by business segment, and strengthened the forcing constraints. The Group implemented the green enterprise creation and enhancement action, further highlighted the assessment of the green and low-carbon transformation evaluation index system, and stimulated incentives. The Group implemented the energy conservation and carbon reduction "1+7 Action Plan" system, deployed 11 key tasks, such as improving the efficiency of the oil and gas production system, refining and chemical energy efficiency, optimizing the energy system, clean substitution and increasing the electrification rate, and building the foundation for energy conservation and carbon reduction; and achieved a year-on-year decrease in carbon emission intensity.

(6) Performance of Social Responsibilities

The Group focused on industries, consumption, intelligence, employment and other assistance directions and continued to promote the rural revitalization plan. The Group implemented the "Happy Village" construction action to improve the rural living environment; the Group utilized resource advantages and continued to make efforts in rural tourism, warehousing and transportation and other fields. The Group continued to expand the scope of radiation of the "Rural Revitalization Workshop" lecture hall, benefited more people in the areas being assisted, and created a more influential brand of rural revitalization training. The Group implemented the "Village Craftsmen" cultivation project, supported skilled craftsmen based on the intangible cultural skills, focused on cultural inheritance and activating the innovation vitality. The Group carried out the women's skills upgrading project, delivery of professional skills to the countryside, the targeted training under the "Oil Seedling Plan", and the teacher training under the "Teacher Training Program" in order to store energy for rural revitalization. The Group carried out the "Kids Care" children's health charity project, continued to implement the "Xuhang Student Aid" and "Sunshine Student Aid" projects to help poor students realize their university dreams and promoted the re-diagnosis of serious diseases and the service of "Internet + Medical and Health". The Group explored the construction of a "Leling Home" service station to meet the diverse elderly care service needs of the elderly population.

19. Employees

As of June 30, 2024, the Group had 365,917 employees (excluding 220,111 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 regional companies, 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 programmes adopted by the Group cover political and ideological abilities, performance abilities of talent echelon and abilities of special talents, which allows the Group to provide training through multiple dimensions, channels and methods, satisfying the requirements for the growth of the Group and the construction of talents team.

20. General Meetings

On June 5, 2024, the Company convened the 2023 annual general meeting pursuant to the Articles of Association by way of onsite and video meeting. Shareholders considered and passed 9 resolutions by non-cumulative voting: 7 ordinary resolutions were passed and approved by more than half of the votes and 2 special resolutions were passed and approved by more than two-thirds of the votes. For details, please refer to the announcements published by the Company on June 5, 2024 on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively.

21. 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 activities 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 PRC government.

(3) Foreign Exchange Rate Risk

The Group conducts its business primarily in Renminbi in the PRC, but it keeps certain foreign currencies to pay for the imported 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 further opening of the domestic oil and petrochemical market, large foreign oil and petrochemical companies and certain private enterprises have become competitors of the Group in certain regions and segments. The Group has been in a leading position in the oil and gas exploration and production and natural gas sales business in the PRC, but the Group is facing relatively fierce competition in refining, chemicals, marketing of refined oil products businesses. The new energy business is an important direction for the Group's transformation and development. The new energy industry in China is developing strongly and the market size is continuing to expand, and the new energy business of the Group is also facing intense competition from other new energy suppliers.

(5) Uncertainty of the Oil and Gas Reserves Risk

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

(6) Overseas Operations Risk

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

(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. If China or other countries in which the Company operates take 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 and the strategic investments of the Group may be subject to the unfavourable impact posed by the related laws, regulations and regulatory requirements.

(8) Hidden Hazards and Force Majeure Risk

Oil and gas exploration, development, storage and transportation and the production, storage and transportation of refined oil products and petrochemical products involve certain risks, which may cause unexpected or dangerous events such as personal injuries or death, property damage, environmental damage and disruption to operations, etc. With the expansion in the scale and area of operations, the hazard risks faced by the Group also increase accordingly. In the meantime, new regulations promulgated by the PRC in recent years set out higher standard for production safety. 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 adopted strict implementation of laws and regulations of the PRC and contributed funds and addressed the major safety and environmental risks identified timely. In addition, natural disasters such as earthquake, typhoon, tsunami and emergency public health events may cause losses to properties and personnel of the Group and may affect the normal operations of the Group.

22. Details of Preference Shares

There was no matter concerning the preference shares requiring disclosure during the reporting period.

23. Other Significant Events

(1) Events after the reporting period

On August 26, 2024, Daqing Oilfield, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Daqing Petroleum Administrative Bureau Co., Ltd. ("Daqing Petroleum Administrative Bureau", a wholly-owned subsidiary of CNPC) and China Petroleum Electric Energy Co., Ltd. ("CNPC Electric Energy", a wholly-owned subsidiary of Daqing Petroleum Administrative Bureau), pursuant to which Daqing Oilfield acquired 100% equity interests in CNPC Electric Energy held by Daqing Petroleum Administrative Bureau. The consideration for this equity acquisition under the acquisition agreement shall be RMB5.979 billion (excluding tax). This transaction constitutes a connected transaction of the Company and has been considered and approved at the 8th meeting of the 9th session of the Board, details of which are set out in the Company's announcement published on August 26, 2024 on the websites of the Hong Kong Stock Exchange and 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 and positive operating results of the business of the Group.

(2) PRC government revised and promulgated the Administrative Measures for the Use of Natural Gas

On June 3, 2024, the National Development and Reform Commission promulgated the Administrative Measures for the Use of Natural Gas (Order [2024] No.21 of the National Development and Reform Commission of the People's Republic of China) (《天然氣利用管理辦法》(中華人民共和國國家發展和改革委員會令2024年第21號)), retaining four categories for the use of natural gas "preferred, restricted, prohibited and permitted", and supplementing and clarifying the connotation and specific work requirements of the four categories for the use of natural gas, strengthening policy guidance and operability, which has been implemented since August 1, 2024.

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Change of Directors, Supervisors and senior management of the Company

On March 25, 2024, Mr. Zhang Minglu resigned as chief safety director of the Company due to age reason. On March 25, 2024, the Company held the 6th meeting of the 9th session of the Board which considered and passed the resolution regarding the appointment of chief safety director of the Company and appointed Mr. Shen Fuxiao as chief safety director of the Company.

On April 19, 2024, Ms. Liao Guoqin and Mr. Fu Bin resigned as employee representative Supervisors due to work arrangements. On April 19, 2024, upon democratic election by the employee representatives, Mr. Fang Qing and Mr. Wang Binquan were elected as employee representative Supervisors. On June 5, 2024, upon election by the general meeting of the Company, Mr. Zhou Song was elected as the Supervisor. On June 5, 2024, upon election by the 6th meeting of the 9th session of the Supervisory Committee, Mr. Zhou Song was elected as the chairman of the Supervisory Committee.

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

Directors

Name	Gender	Age	Position
Dai Houliang	Male	60	Chairman of the Board
Hou Qijun	Male	57	Vice Chairman of the Board and Non-executive Director
Duan Liangwei	Male	56	Non-executive Director
Huang Yongzhang	Male	57	Executive Director and President
Ren Lixin	Male	57	Executive Director and Senior Vice President
Xie Jun	Male	56	Non-executive Director
Zhang Daowei	Male	51	Executive Director and Senior Vice President
Cai Jinyong	Male	65	Independent Non-executive Director
Jiang, Simon X.	Male	70	Independent Non-executive Director
Zhang Laibin	Male	62	Independent Non-executive Director
Hung Lo Shan Lusan	Female	58	Independent Non-executive Director
Ho Kevin King Lun	Male	48	Independent Non-executive Director

Supervisors

Name	Gender	Age	Position
Zhou Song	Male	52	Chairman of the Supervisory Committee
Xie Haibing	Male	53	Supervisor
Zhao Ying	Female	56	Supervisor
Cai Yong	Male	49	Supervisor
Jiang Shangjun	Male	60	Supervisor
Li Zhanming	Male	51	Employee Representative Supervisor
Jin Yanjiang	Male	58	Employee Representative Supervisor
Fang Qing	Male	51	Employee Representative Supervisor
Wang Binquan	Male	53	Employee Representative Supervisor

Other Senior Management

Name	Gender	Age	Position
Zhu Guowen	Male	57	Vice President
Wan Jun	Male	58	Vice President
Wang Hua	Male	50	Chief Financial Officer, Secretary to the Board (Company Secretary)
Li Ruxin	Male	57	Vice President
He Jiangchuan	Male	58	Vice President
Jiang Tongwen	Male	56	Chief Geologist
Yang Weisheng	Male	52	Chief Engineer
Shen Fuxiao	Male	54	Chief Safety Director

3. Shareholdings of the Directors, Supervisors and Senior Management

As of June 30, 2024, no current Directors, Supervisors or other senior management of the Company or those ceased to be Directors, Supervisors or other senior management of the Company during the reporting period held any shares of the Company.

RELEVANT INFORMATION ON THE BONDS

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

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
2016 Corporate Bond (First Tranche) (10-year term)	16 PetroChina 02	136165.SH	2016-01-18	2016-01-19	2026-01-19	47	3.50	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bond (Second Tranche) (10-year term)	16 PetroChina 04	136254.SH	2016-03-01	2016-03-03	2026-03-03	23	3.70	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bond (Third Tranche) (10-year term)	16 PetroChina 06	136319.SH	2016-03-22	2016-03-24	2026-03-24	20	3.60	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2022 First Tranche Medium-term Green Notes	22 PetroChina GN001	132280041.IB	2022-04-27	2022-04-28	2025-04-28	5	2.26	Annual payment of interests, and one lump sum repayment of principal at maturity	National Inter-bank Bond Market
2022 Second Tranche Medium-term Green Notes	22 PetroChina GN002	132280055.IB	2022-06-15	2022-06-16	2025-06-16	20	2.19	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, 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06 is the Shanghai Stock Exchange, and the trading venue for 22 PetroChina GN001 and 22 PetroChina GN002 is the national inter-bank bond market.
2. Repayment of principal and payment of interest: for 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 22 PetroChina GN001 and 22 PetroChina GN002 payment of interests shall be made annually, and one lump sum repayment of principal shall be made at maturity.
3. Interest Payment and Redemption: during the reporting period, the principal and interest of 19 PetroChina MTN001, 19 PetroChina MTN002, 19 PetroChina MTN003, 19 PetroChina MTN004 and 19 PetroChina MTN005 were duly paid; the interest of 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 22 PetroChina GN001 and 22 PetroChina GN002 were duly paid.
4. Investor suitability arrangements: 12 PetroChina 03 are offered and traded publicly to public investors (ordinary investors); 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06 are offered and traded publicly to qualified investors (professional investors); 22 PetroChina GN001 and 22 PetroChina GN002 are offered and traded publicly to institutional investors in the national inter-bank bond market.
5. Applicable trading mechanisms: matching transaction, click transaction, inquiry transaction, bidding transaction and negotiation transaction at Shanghai Stock Exchange are applicable to 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04 and 16 PetroChina 06; circulation and transfer in the national inter-bank bond market are applicable to 22 PetroChina GN001 and 22 PetroChina GN002.
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, no adjustment was made by the credit rating agencies to the credit rating of the Company or bonds.

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

During the reporting period, the credit enhancement mechanism, debt repayment plan and the safeguard measures for debt repayment 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, 2024	As of December 31, 2023
Liquidity ratio	0.94	0.96
Quick ratio	0.68	0.69
Asset-liability ratio (%)	39.38	40.76

Note: The asset-liability ratio was calculated as total liabilities divided by total assets at the end of each period.

Items	For the first half of 2024	For the first half of 2023
Earnings before interest, taxes, depreciation and amortization (EBITDA) (RMB million)	256,461	246,938
Net profit after deducting non-recurring profit items (RMB million)	102,590	96,669
Net cash flow used for investing activities (RMB million)	(140,285)	(119,409)
Net cash flow used for financing activities (RMB million)	(133,006)	(78,692)
Cash and cash equivalents at the end of the period (RMB million)	192,104	219,173
Debt-to-EBITDA Ratio [a]	1.20	0.82
Debt service coverage ratio	24.74	19.36
Cash debt service coverage ratio	27.56	32.28
EBITDA interest coverage ratio	45.36	35.69
Loan repayment ratio (%)	100	100
Interest coverage ratio (%)	100	100

(a) The relatively large increase in the Debt-to-EBITDA ratio was primarily due to the significant decrease in the size of the Group's interest-bearing borrowing.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2024

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	June 30, 2024 The Group	December 31, 2023 The Group	June 30, 2024 The Company	December 31, 2023 The Company
Current assets					
Cash at bank and on hand	7	238,880	269,873	53,829	62,807
Financial assets at fair value through profit or loss		9,895	7,404	-	-
Derivative financial assets	8	11,851	16,939	37	33
Accounts receivable	9	90,108	68,761	18,542	8,474
Receivables financing	10	11,142	10,661	10,998	10,031
Advances to suppliers	11	24,847	12,461	15,266	6,266
Other receivables	12	41,629	31,090	20,090	15,235
Inventories	13	182,674	180,533	108,070	110,386
Other current assets	14	61,345	60,798	47,001	45,565
Total current assets		672,371	658,520	273,833	258,797
Non-current assets					
Investments in other equity instruments	15	693	839	162	173
Long-term equity investments	16	292,606	280,972	524,303	510,328
Fixed assets	17	458,868	468,178	246,302	254,065
Oil and gas properties	18	831,001	856,256	638,026	652,256
Construction in progress	19	201,156	197,433	121,847	115,035
Right-of-use assets	20	123,479	125,423	53,530	53,675
Intangible assets	21	91,529	92,744	65,857	66,760
Goodwill	22	7,476	7,442	77	77
Long-term prepaid expenses	23	13,153	14,089	7,910	8,585
Deferred tax assets	37	24,707	18,127	2,931	-
Other non-current assets	24	51,258	32,687	73,131	61,323
Total non-current assets		2,095,926	2,094,190	1,734,076	1,722,277
TOTAL ASSETS		2,768,297	2,752,710	2,007,909	1,981,074

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2024 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND EQUITY	Notes	June 30, 2024 The Group	December 31, 2023 The Group	June 30, 2024 The Company	December 31, 2023 The Company
Current liabilities					
Short-term borrowings	26	40,594	38,979	24,202	17,445
Financial liabilities at fair value through profit or loss		4,685	1,727	-	-
Derivative financial liabilities	8	7,139	10,729	13	33
Notes payable	27	18,348	20,731	18,082	20,006
Accounts payable	28	267,163	289,156	93,669	101,615
Contract liabilities	29	77,862	83,928	59,125	62,178
Employee compensation payable	30	18,890	8,522	14,674	6,159
Taxes payable	31	78,287	73,915	48,429	46,717
Other payables	32	81,875	28,547	171,438	119,258
Current portion of non-current liabilities	33	100,680	117,816	34,472	111,672
Other current liabilities		21,118	14,957	15,276	8,962
Total current liabilities		716,641	689,007	479,380	494,045
Non-current liabilities					
Long-term borrowings	34	70,126	126,165	30,361	27,947
Debentures payable	35	11,000	17,033	11,000	13,500
Lease liabilities	20	112,170	113,438	42,200	41,795
Provisions	36	146,864	144,299	108,837	107,128
Deferred tax liabilities	37	23,846	23,144	-	325
Other non-current liabilities		9,497	9,003	5,065	4,726
Total non-current liabilities		373,503	433,082	197,463	195,421
Total liabilities		1,090,144	1,122,089	676,843	689,466
Equity					
Share capital	38	183,021	183,021	183,021	183,021
Capital surplus	39	123,092	123,078	122,738	122,678
Special reserve		9,230	6,858	5,888	3,945
Other comprehensive income	58	(23,938)	(18,724)	1,126	1,099
Surplus reserves	40	237,802	237,802	226,710	226,710
Undistributed profits	41	960,697	914,375	791,583	754,155
Equity attributable to owners of the Company		1,489,904	1,446,410	1,331,066	1,291,608
Non-controlling interests	42	188,249	184,211	-	-
Total equity		1,678,153	1,630,621	1,331,066	1,291,608
TOTAL LIABILITIES AND EQUITY		2,768,297	2,752,710	2,007,909	1,981,074

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2024 The Group	For the six months ended June 30, 2023 The Group	For the six months ended June 30, 2024 The Company	For the six months ended June 30, 2023 The Company
Operating income	43	1,553,869	1,479,871	919,997	886,681
Less: Cost of sales	43	(1,228,334)	(1,164,467)	(713,704)	(684,195)
Taxes and surcharges	44	(134,438)	(129,856)	(95,875)	(98,667)
Selling expenses	45	(30,015)	(32,001)	(19,773)	(22,148)
General and administrative expenses	46	(29,644)	(26,121)	(17,785)	(16,014)
Research and development expenses	47	(9,657)	(9,651)	(8,232)	(8,127)
Finance expenses	48	(6,792)	(9,188)	(4,977)	(6,672)
Including: Interest expenses		(10,755)	(12,184)	(5,819)	(7,500)
Interest income		4,426	3,597	1,088	860
Add: Other income	49	7,891	8,371	7,534	7,883
Investment income	50	1,139	6,696	25,459	21,692
Including: Income from investment in associates and joint ventures		10,292	9,667	7,283	6,726
Gains from changes in fair value	51	8,634	1,659	10	(37)
Credit impairment (losses)/reversal	52	(169)	413	(79)	(28)
Asset impairment losses	53	(216)	(1,461)	(18)	(6)
Gains on asset disposal	54	262	148	235	123
Operating profit		132,530	124,413	92,792	80,485
Add: Non-operating income	55(a)	719	1,052	617	679
Less: Non-operating expenses	55(b)	(4,112)	(3,712)	(3,811)	(3,424)
Profit before income tax expense		129,137	121,753	89,598	77,740
Less: Income tax expense	56	(29,527)	(27,170)	(10,075)	(8,290)
Net profit		99,610	94,583	79,523	69,450
Classified by continuity of operations:					
Net profit from continuous operation		99,610	94,583	79,523	69,450
Net profit from discontinued operation		-	-	-	-
Classified by ownership:					
Owners of the Company		88,607	85,276	79,523	69,450
Non-controlling interests		11,003	9,307	-	-
Other comprehensive income, net of tax	58	(5,539)	4,026	27	317
Other comprehensive income (net of tax) attributable to owners of the Company		(5,214)	1,109	27	317
(1) Item that will not be reclassified to profit or loss					
Changes in fair value of investments in other equity instruments		(69)	56	(18)	(82)
(2) Items that may be reclassified to profit or loss					
Other comprehensive income recognised under equity method		63	379	111	461
Cash flow hedges		(4,605)	(2,738)	(66)	(62)
Currency translation differences		(603)	3,412	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		(325)	2,917	-	-
Total comprehensive income		94,071	98,609	79,550	69,767
Attributable to:					
Owners of the Company		83,393	86,385	79,550	69,767
Non-controlling interests		10,678	12,224	-	-
Earnings per share					
Basic earnings per share (RMB Yuan)	57	0.48	0.47	0.43	0.38
Diluted earnings per share (RMB Yuan)	57	0.48	0.47	0.43	0.38

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2024 The Group	For the six months ended June 30, 2023 The Group	For the six months ended June 30, 2024 The Company	For the six months ended June 30, 2023 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		1,715,513	1,551,276	979,483	961,492
Cash received relating to other operating activities	60(a)	31,042	50,361	28,978	8,200
Sub-total of cash inflows		1,746,555	1,601,637	1,008,461	969,692
Cash paid for goods and services		(1,194,598)	(1,042,933)	(633,216)	(607,179)
Cash paid to and on behalf of employees		(73,230)	(70,179)	(51,998)	(50,565)
Payments of various taxes		(205,134)	(203,200)	(139,713)	(138,756)
Cash paid relating to other operating activities	60(b)	(56,264)	(63,619)	(17,111)	(14,816)
Sub-total of cash outflows		(1,529,226)	(1,379,931)	(842,038)	(811,316)
Net cash flows from operating activities	60(f)	217,329	221,706	166,423	158,376
Cash flows from investing activities					
Cash received from disposal of investments	60(c)	24,649	24,669	87	5,556
Cash received from returns on investments		6,767	5,226	25,411	26,838
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		369	372	148	333
Net cash received from disposal of subsidiaries and other business units		708	80	-	-
Sub-total of cash inflows		32,493	30,347	25,646	32,727
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(117,584)	(112,418)	(75,930)	(82,171)
Cash paid to acquire investments	60(d)	(55,182)	(37,155)	(9,724)	(7,304)
Net cash paid for the acquisition of subsidiaries and other business entities		(12)	(183)	-	-
Sub-total of cash outflows		(172,778)	(149,756)	(85,654)	(89,475)
Net cash flows used for investing activities		(140,285)	(119,409)	(60,008)	(56,748)
Cash flows from financing activities					
Cash received from capital contributions		489	229	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		489	229	-	-
Cash received from borrowings		287,703	345,092	37,255	34,837
Sub-total of cash inflows		288,192	345,321	37,255	34,837
Cash repayments of borrowings		(363,737)	(371,433)	(106,785)	(72,515)
Cash payments for interest expenses and distribution of dividends or profits		(52,208)	(46,794)	(41,736)	(43,645)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(5,143)	(3,006)	-	-
Cash payments relating to other financing activities	60(e)	(5,253)	(5,786)	(3,193)	(3,096)
Sub-total of cash outflows		(421,198)	(424,013)	(151,714)	(119,256)
Net cash flows used for financing activities		(133,006)	(78,692)	(114,459)	(84,419)
Effect of foreign exchange rate changes on cash and cash equivalents		(935)	4,378	-	-
Net (decrease)/increase in cash and cash equivalents	60(g)	(56,897)	27,983	(8,044)	17,209
Add: Cash and cash equivalents at the beginning of the period		249,001	191,190	60,652	68,808
Cash and cash equivalents at the end of the period	60(i)	192,104	219,173	52,608	86,017

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024

(All amounts in RMB millions unless otherwise stated)

	Attributable to owners of the Company								
Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistri-buted profits	Sub-total	Non-controlling interests	Total equity
Balance at January 1, 2023	183,021	123,612	8,490	(19,062)	224,570	845,258	1,365,889	168,527	1,534,416
Changes in the six months ended June 30, 2023									
Total comprehensive income	-	-	-	1,109	-	85,276	86,385	12,224	98,609
Special reserve - safety fund reserve									
Appropriation	-	-	3,541	-	-	-	3,541	139	3,680
Utilisation	-	-	(1,561)	-	-	-	(1,561)	(62)	(1,623)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(40,265)	(40,265)	(6,030)	(46,295)
Other equity movement									
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	385	385
Acquisition of subsidiaries	-	-	-	-	-	-	-	6	6
Disposal of subsidiaries	-	-	-	-	-	-	-	(56)	(56)
Others	-	(727)	-	(121)	-	50	(798)	(24)	(822)
Balance at June 30, 2023	183,021	122,885	10,470	(18,074)	224,570	890,319	1,413,191	175,109	1,588,300
Balance at January 1, 2024	183,021	123,078	6,858	(18,724)	237,802	914,375	1,446,410	184,211	1,630,621
Changes in the six months ended June 30, 2023									
Total comprehensive income	-	-	-	(5,214)	-	88,607	83,393	10,678	94,071
Special reserve - safety fund reserve									
Appropriation	-	-	3,441	-	-	-	3,441	110	3,551
Utilisation	-	-	(1,069)	-	-	-	(1,069)	(61)	(1,130)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(42,095)	(42,095)	(7,410)	(49,505)
Other equity movement									
Equity transaction with non-controlling interests	-	(1)	-	-	-	(196)	(197)	185	(12)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	572	572
Acquisition of subsidiaries	-	-	-	-	-	-	-	74	74
Disposal of subsidiaries	-	-	-	-	-	-	-	(105)	(105)
Others	-	15	-	-	-	6	21	(5)	16
Balance at June 30, 2024	183,021	123,092	9,230	(23,938)	237,802	960,697	1,489,904	188,249	1,678,153

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Wang Hua

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total owners' equity
Balance at January 1, 2023	183,021	123,486	4,620	720	213,478	713,668	1,238,993
Changes in the six months ended June 30, 2023							
Total comprehensive income	-	-	-	317	-	69,450	69,767
Special reserve - safety fund reserve							
Appropriation	-	-	2,651	-	-	-	2,651
Utilisation	-	-	(1,019)	-	-	-	(1,019)
Profit distribution							
Distribution to owners of the Company	-	-	-	-	-	(40,265)	(40,265)
Others	-	(493)	-	-	-	47	(446)
Balance at June 30, 2023	183,021	122,993	6,252	1,037	213,478	742,900	1,269,681
Balance at January 1, 2024	183,021	122,678	3,945	1,099	226,710	754,155	1,291,608
Changes in the six months ended June 30, 2024							
Total comprehensive income	-	-	-	27	-	79,523	79,550
Special reserve - safety fund reserve							
Appropriation	-	-	2,548	-	-	-	2,548
Utilisation	-	-	(605)	-	-	-	(605)
Profit distribution							
Distribution to owners of the Company	-	-	-	-	-	(42,095)	(42,095)
Others	-	60	-	-	-	-	60
Balance at June 30, 2024	183,021	122,738	5,888	1,126	226,710	791,583	1,331,066

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	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 26, 2024.

2 BASIS OF PREPARATION

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

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

3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company’s financial statements for the six months ended June 30, 2024 truly, accurately and completely present the financial position of the Company as of June 30, 2024 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 at fair value through profit or loss, derivative financial assets, accounts receivables, equity securities other than those classified as long-term equity investments, accounts payables, derivative financial liabilities, 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(22).

(b) Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

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

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

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

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

(ii) Subsequent measurement of the financial assets

- Financial assets at FVTPL:

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

- Financial assets measured at amortised cost:

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

- Debt investments at FVOCI:

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

- Equity investments at FVOCI:

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

(c) Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at FVTPL:

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

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

- Financial liabilities at amortised cost:

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

(d) Offsetting

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

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

(e) Derecognition of financial assets and financial liabilities

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

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

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

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

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

(f) Impairment

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

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

(i) Measurement of ECLs

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

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

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

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

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

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

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

(ii) 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.

(iii) 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.

(iv) Credit-impaired financial assets

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

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

(v) 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.

(vi) 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 the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period, to represent the effect of risk management activities.

Hedged items are the items that expose the Group to risks of changes in future fair value or future cash flows and that are designated as being hedged and that must be reliably measurable. The Group's hedged items include a forecast transaction that is settled with an undetermined future market price and exposes the Group to risk of variability in cash flows, etc.

A hedging instrument is a designated derivative whose changes in 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 gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:

- 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 immediately 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 criteria for hedge accounting.

When the Group discontinues hedge accounting for a cash flow hedge, it shall account for the amount that has been accumulated in the cash flow hedge reserve as follows:

- If the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and shall be accounted for as cash flow hedges.

- If the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur, if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and shall be accounted for as cash flow hedges.

(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 in future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditures are charged to profit or loss during the financial period in which they are incurred.

Fixed assets are depreciated using the straight-line method based on the balance of their costs less estimated residual values over their estimated useful lives. For those fixed assets being provided for impairment loss, the related depreciation charge is determined based on the net value lessening the impairment recognised over their remaining useful lives.

The estimated useful lives, estimated net residual value ratios and annual depreciation rates of the fixed assets are as follows:

	Estimated useful lives	Estimated net residual value ratio %	Annual depreciation rate %
Buildings	8 to 40 years	5	2.4 to 11.9
Equipment and machinery	4 to 30 years	3 to 5	3.2 to 24.3
Motor vehicles	4 to 14 years	5	6.8 to 23.8
Others	5 to 12 years	5	7.9 to 19.0

The estimated useful lives, estimated net residual values and depreciation method of the fixed assets are reviewed, and adjusted if appropriate, at year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 4(16)).

The carrying amounts of fixed assets are derecognised when the fixed assets are disposed or no future economic benefits are expected from their use or disposal. When fixed assets are sold, transferred, disposed or damaged, gains or losses on disposal are determined by comparing the proceeds with the carrying amounts of the assets, adjusted by related taxes and expenses, and are recorded in profit or loss in the disposal period.

(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 amortised based on the unit of production method except for the mineral interests in unproved properties which are not subjected to depletion. Unit of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of production licenses.

The carrying amount of oil and gas properties is reduced to the recoverable amount when their recoverable amount is lower than their carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset (or asset group, a set of asset groups, the same below) (Note 4(16)).

(12) Construction in Progress

Construction in progress is recognised at actual cost. The actual cost comprises construction costs, other necessary costs incurred and the borrowing costs eligible for capitalisation to prepare the asset for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

Oil and gas exploration costs include drilling exploration costs and the non-drilling exploration costs, the successful efforts method is used for the capitalisation of the drilling exploration costs. Drilling exploration costs included in the oil and gas exploration costs are capitalised as wells and related facilities when the wells are completed and economically proved reserves are found. Drilling exploration costs related to the wells without economically proved reserves less the net residual value are recorded in profit or loss. The related drilling exploration costs for the sections of wells with economically proved reserves are capitalised as wells and related facilities, and the costs of other sections are recorded in profit or loss. Drilling exploration costs are temporarily capitalised pending the determination of whether economically proved reserves can be found within one year of the completion of the wells. For wells that are still pending determination of whether economically proved reserves can be found after one year of completion, the related drilling exploration costs remain temporarily capitalised only if sufficient reserves are found in those wells and further exploration activities are required to determine whether they are economically proved reserves or not, and further exploration activities are under way or firmly planned and are about to be implemented. Otherwise the related costs are recorded in profit or loss. If proved reserves are discovered in a well, for which the drilling exploration costs have been expensed previously, no adjustment should be made to the drilling exploration costs that were expensed, while the subsequent drilling exploration costs and costs for completion of the well are capitalised. The non-drilling exploration costs are recorded in profit or loss when incurred. Oil and gas development costs are capitalised as the respective costs of wells and related facilities for oil and gas development based on their intended use. The economically proved reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government supervision regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

The Group sells the products or by-products produced before the fixed assets reach the scheduled useable state, or in the research and development process, which be determined as trial operation sales. Related income and cost are present respectively in financial statements according to the daily activities and non-daily activities, which generated from daily activities are shown in “Operating income” and “Cost of sales”, and which generated from non-daily activities are shown in “Gains on asset disposal” and other items.

(13) Intangible Assets and Goodwill

Intangible assets include land use rights and patents, etc., and are initially recorded at cost. The intangible assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valued amount approved by the relevant authorities managing the state-owned assets.

Land use rights are amortised using the straight-line method over 30 to 50 years. If it is impracticable to allocate the amount paid for the purchase of land use rights and buildings between the land use rights and the buildings on a reasonable basis, the entire amount is accounted for as fixed assets.

The franchise is initially recorded at actual cost, and amortised using the straight-line method over estimated useful lives of gas station.

Patent and other intangible assets are initially recorded at actual cost, and amortised using the straight-line method over their estimated useful lives.

The carrying amount of intangible assets is written down to its recoverable amount when the recoverable amount is lower than the carrying amount (Note 4(16)). The estimated useful years and amortisation method of the intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each financial year-end.

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note 4(16)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(14) Research and Development

The Group's expenditures on research and development mainly include expenditures on materials consumed for the implementation of the research and development activities, research and development department employee benefits, depreciation and amortisation of assets such as equipment and software used in research and development, research and development testing, and research and development technical service fees.

Research expenditure incurred is recognised as an expense. Costs incurred on development projects shall not be capitalised unless they satisfy the following conditions simultaneously:

- In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- It is intended by management to finish and use or sell the intangible asset;
- It is able to prove that the intangible asset is to generate economic benefits;
- With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and
- The costs attributable to the development of the intangible asset can be reliably measured.

Costs incurred on development projects not satisfying the above conditions shall be recorded in profit or loss of the current period. Costs incurred on development recorded in profit or loss in previous accounting periods shall not be re-recognised as asset in future accounting periods. Costs incurred on development already capitalised shall be listed as development expenditure in the balance sheet, which shall be transferred to intangible asset from the date when the expected purposes of use are realised.

(15) Long-term Prepaid Expenses

Long-term prepaid expenses are the expenses that should be borne by current and subsequent periods and should be amortised over more than one year. Long-term prepaid expenses are amortised using the straight-line method over the expected beneficial periods and are presented at cost less accumulated amortisation.

(16) Impairment of Non-current Assets

Fixed assets, oil and gas properties except for mineral interests in unproved properties, construction in progress, intangible assets with finite useful life, long-term equity investments, long-term prepaid expenses and right-of-use assets are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount if the impairment test indicates that the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset. Impairment should be assessed and recognised for each individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash flow.

The goodwill, presented separately in financial statements, is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing, and should be subject to impairment assessment at least on an annual basis regardless whether there exists any indicators of impairment. Where the impairment assessment indicates that, for the cash-generating unit (that includes the allocated goodwill), the recoverable amount is lower than the carrying value, then an impairment loss will be recorded.

The mineral interests in unproved properties are tested annually for impairment. If the cost incurred to obtain a single property is significant, the impairment test is performed and the impairment loss is determined on the basis of the single property. If the cost incurred to obtain a single property is not significant and the geological structure features or reserve layer conditions are identical or similar to those of other adjacent properties, impairment tests are performed on the basis of a group of properties that consist of several adjacent mining areas with identical or similar geological structure features or reserve layer conditions.

Once an impairment loss of these assets is recognised, it is not allowed to be reversed even if the value can be recovered in subsequent period.

(17) Borrowing Costs

Borrowing costs incurred that are directly attributable to the acquisition and construction of fixed assets and oil and gas properties, which require a substantial period of time for acquisition and construction activities to get ready for their intended use, are capitalised as part of the cost of the assets when capital expenditures and borrowing costs have already incurred and the activities of acquisition and construction necessary to prepare the assets to be ready for their intended use have commenced. The capitalisation of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are recognised as financial expense. Capitalisation of borrowing costs should be suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally, and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing taken specifically for the acquisition or construction activities for preparing fixed asset and oil and gas property eligible for capitalisation, the to-be-capitalised amount of interests shall be determined according to the actual costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition or construction of fixed asset and oil and gas property eligible for capitalisation, the Group shall calculate and determine the to-be-capitalised amount of interests on the general borrowing by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the weighted average actual rate of the general borrowing used. The actual rate is the rate used to discount the future cash flow of the borrowing during the expected existing period or the applicable shorter period to the originally recognised amount of the borrowing.

(18) Employee Compensation

(a) Short-term benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - Defined Contribution Plans

Pursuant to the relevant laws and regulations of the People’s Republic of China, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group has similar defined contribution plans for its employees in its overseas operations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

In addition, the Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred.

The Group has no other material obligation for the payment of pension benefits associated with schemes beyond the contributions described above.

(19) Government Grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss in a reasonable and systematic manner within the useful life of the relevant assets. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised initially as deferred income, and recognised in profit or loss or released to relevant cost in the period in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses already incurred is recognised to profit or loss or released to related cost immediately.

Government grants related to daily activities are recognised in other income or written down the related cost and expenses according to the nature of business activities. Government grants related to non-daily activities are recognised in non-operating income or expenses.

(20) Provisions

Provisions for product guarantee, quality 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) 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:

- 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.

(22) 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 equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract which the Group grants a customer the option to acquire additional goods or services (such as loyalty points), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods or services are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The customer can control the asset created or enhanced during the Group's performance;
- The Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- The Group has a present right to payment for the product or service;
- The Group has transferred physical possession of the goods to the customer;
- The Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- The customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (Note 4(7)(f)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Sales of goods

The Group shall recognise revenue when (or as) the customer obtains control of relevant product. Obtaining control of relevant product means that a customer can dominate the use of the product and obtain almost all the economic benefits from it.

(b) Rendering of services

The Group recognises its revenue from rendering of services on performance progress. Customers simultaneously receive the service as the Group performs its obligation over time and consume the benefits arising from the Group's performance. Otherwise, a performance obligation is satisfied at a point in time, the Group shall recognise revenue when (or as) the customer obtains control of revenue service.

(c) Loyalty points

Under its customer loyalty programme, the Group allocates a portion of the transaction price received to loyalty points that are redeemable against any future purchases of the Group's goods or services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire.

(d) Recognition of sales income under the trade mode

In the trading of crude oil, natural gas, refined oil and chemical products, the Group procures related products according to the supply and demand relationship and the customer order demand. For such business, the Group is responsible for delivering products and ensuring that the specifications and quality meet the customer's requirements. The Group has the right to determine suppliers and purchase pricing, and there are various alternative qualified suppliers. Meanwhile, the Group has the right to determine the products sold and the selling price, and bears the risk of product price fluctuation. As a result, the Group has obtained control of a product before it is sold to a customer, and has recognised the revenue from the sales of the product accordingly on the basis of the gross carrying amount.

(23) 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.

(24) 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(22).

(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.

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.

(25) Dividend Distribution

Dividend distribution is recognised as a liability in the period in which it is approved by a resolution of shareholders' general meeting.

(26) Business Combination

Accounting treatments for business combinations involving entities under common control and not 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.

(27) 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.

(28) 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.

(29) 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.

(30) 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, etc. 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.

(31) Change in significant accounting policy

In 2023, the Ministry of Finance promulgated the Notice on the Issuance of Interpretation of Accounting Standards for Business Enterprises No. 17 (hereinafter referred to as "Interpretation No. 17") and other documents, and the Group and the Company have used Interpretation No. 17 to prepare the financial statements for the six months ended June 30, 2024. In 2024, the Ministry of Finance published the Compilation of Guidelines for the Application of Accounting Standards for Business Enterprises (2024), in accordance with which the Group and the Company have prepared their financial statements for the six months ended June 30, 2024. The above documents and guidelines have no material impact on the financial statements of the Group and the Company.

(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. RMB 1.52 per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB 1.2 per litre for diesel and fuel oil.
Corporate Income Tax	15% to 82%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
Levy for mineral rights concessions	0.3%, 0.6% or 0.8%	Levy for mineral rights concessions includes the transaction price of exploration rights (mining rights) and the proceeds from the granting of the mining rights to be levied on a year-by-year basis. The transaction price of the exploration rights (mining rights) is recognised and levied at the time of the grant. The proceeds from the granting of the mining rights to be levied on a year-by-year basis 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	RMB 0.9 to 30	Based on the actual land area occupied in each provinces, autonomous regions and municipalities.

According to "Notice Concerning Import Tax Policies Related to Exploration, Development and Utilisation of Energy Resources During the 14th Five-Year Plan Period" (Cai Guan Shui [2021] No.17) jointly issued by Ministry of Finance, State Taxation Administration and General Administration of Customs, for the period from January 1, 2021 to December 31, 2025, the import VAT of the import link shall be returned in proportion to the projects of cross-border natural gas pipelines and imported liquefied natural gas (LNG) receiving storage and transportation units approved by National Development and Reform Commission ("NDRC"). This also includes natural gas 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, zero accessories 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, zero accessories and special tools shall be exempted to the Sino-foreign cooperation project carrying out oil (natural gas) exploration and development operations within the winning block of onshore oil (natural gas) approved by the State, projects carrying out oil (natural gas) exploration and development operations in China's oceans, emergency rescue projects for offshore oil and gas pipelines, and projects carrying out coal seam gas exploration and development operations in China.

Ministry of Finance and State Taxation Administration jointly issued the "Notice on Reduction of Resource Tax Assessed on Shale Gas" (Cai Shui [2018] No.26) on March 29, 2018. Pursuant to such notice, in order to promote the development and utilisation of shale gas and effectively increase natural gas supply, from April 1, 2018 to March 31, 2021, a reduction of 30% will apply to the resource tax assessed on shale gas (at the prescribed tax rate of 6%). On March 15, 2021, Ministry of Finance and State Taxation Administration jointly issued "Notice on Extending the Implementation Period of Some Preferential Tax Policies" (Notice 2021 No.6 issued by Ministry of Finance and State Taxation Administration) to announce the implementation period of that preferential tax policies would be extended to December 31, 2023. 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 USD 65 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 incorpo-ration	Registered capital	Principal activities	Type of legal entity	Legal repre-sentative	Closing effective invest-ment cost	Attributable equity interest % Direct holding	Attributable equity interest % Indirect holding	Attribu-table voting rights %	Consoli-dated or not
Daqing Oilfield Company Limited	Established	PRC	47,500	Exploration, production and sales of crude oil and natural gas	Limited liability company	Zhu Guowen	66,720	100.00	-	100.00	Yes
CNPC Exploration and Development Company Limited (i)	Business combination under common control	PRC	16,100	Exploration, production and sales of crude oil and natural gas outside the PRC	Limited liability company	Chen Jintao	23,778	50.00	-	57.14	Yes
PetroChina Hong Kong Limited	Established	HK	HK Dollar ("HKD") 7,592 million	Investment holding. The principal activities of its subsidiaries, associates and joint ventures are the exploration, production and sales of crude oil in and outside the PRC as well as natural gas sales and transmission in the PRC	—	N/A	25,590	100.00	-	100.00	Yes
PetroChina International Investment Company Limited	Established	PRC	31,314	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 Jintao	35,041	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 Petrochemial 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	Wang Qiang	21,600	90.00	-	90.00	Yes
KunLun Energy Company Limited (ii)	Business combination under common control	Bermuda	HK Dollar ("HKD") 160 million	Investment holding. The principal activities of its principal subsidiaries, associates and joint ventures are the sales of natural gas, sales of liquefied petroleum gas and liquefied natural gas processing and storage and transportation 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	—	Fu Bin	HK Dollar ("HKD") 87 million	-	54.38	54.38	Yes

(i) The Company consolidated the financial statements of the entity because it is exposed to, or has rights to, 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) Exchange rates of international operations' major financial statement items

	Assets and liabilities	
Company name	June 30, 2024	December 31,2023
PetroKazakhstan Inc.	1 USD= 7.1268 RMB	1 USD=7.0827 RMB
PetroChina Hong Kong Limited	1 HKD= 0.9127 RMB	1 HKD=0.9062 RMB
Singapore Petroleum Company Limited	1 USD= 7.1268 RMB	1 USD=7.0827 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, 2024	December 31,2023
Cash on hand	18	17
Cash at bank	236,690	265,864
Other cash balances	2,172	3,992
	238,880	269,873

The Group's cash at bank and on hand included the following foreign currencies as of June 30, 2024:

	Foreign currency	Exchange rate	RMB equivalent
USD	16,435	7.1268	117,129
HKD	8,908	0.9127	8,130
GBP	225	9.0430	2,035
KZT	63,005	0.0156	983
Others			1,204
			129,481

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2023:

	Foreign currency	Exchange rate	RMB equivalent
USD	19,669	7.0827	139,310
HKD	7,052	0.9062	6,391
GBP	10	9.0411	90
KZT	43,281	0.0156	674
Others			714
			147,179

The Group's cash at bank and on hand in foreign currencies mainly comprise cash at bank.

(All amounts in RMB millions unless otherwise stated)

The carrying amount of the Group's cash at bank deposited at related finance company was RMB 63,331 as of June 30, 2024 (December 31, 2023: RMB 46,154).

There are no margin account deposits in the Group's cash at bank and on hand as impawn USD borrowings as of June 30, 2024 (December 31, 2023: RMB2,140).

8 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are mainly commodity futures, commodity swaps and commodity forwards contracts. See Note 62.

9 ACCOUNTS RECEIVABLE

	The Group		The Company	
	June 30, 2024	December 31,2023	June 30, 2024	December 31,2023
Accounts receivable	92,626	71,448	19,114	8,991
Less: Provision for bad debts	(2,518)	(2,687)	(572)	(517)
	90,108	68,761	18,542	8,474

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

	The Group					
	June 30, 2024			December 31, 2023		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	88,882	95	(784)	68,009	95	(921)
1 to 2 years	1,621	2	(137)	1,639	2	(148)
2 to 3 years	550	1	(69)	375	1	(227)
Over 3 years	1,573	2	(1,528)	1,425	2	(1,391)
	92,626	100	(2,518)	71,448	100	(2,687)

	The Company					
	June 30, 2024			December 31, 2023		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	17,508	92	(119)	7,345	81	(72)
1 to 2 years	944	5	(51)	1,222	14	(55)
2 to 3 years	272	1	(12)	1	-	-
Over 3 years	390	2	(390)	423	5	(390)
	19,114	100	(572)	8,991	100	(517)

(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, 2024				December 31, 2023			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Percentage of total balance %	Amount	Provision ratio %	Amount	Percentage of total balance %	Amount	Provision ratio %
Provision for bad debts on an individual basis (i)	2,220	2	(997)	44.9	2,341	3	(1,122)	47.9
Provision for bad debts on a collective basis (ii)	90,406	98	(1,521)	1.7	69,107	97	(1,565)	2.3
	92,626	100	(2,518)		71,448	100	(2,687)	

(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 aging, 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, 2024			December 31, 2023		
	Gross carrying amount	Provision for bad debts		Gross carrying amount	Provision for bad debts	
		Lifetime ECL rates	Amount		Lifetime ECL rates	Amount
Current (not past due)	86,303	0.4%	365	64,498	0.6%	371
Within one year past due	1,996	3.4%	67	2,520	2.8%	70
One-two years past due	649	16.3%	106	934	13.7%	128
Two-three years past due	527	13.1%	69	369	61.2%	226
Over three years past due	931	98.2%	914	786	98.0%	770
	90,406		1,521	69,107		1,565

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2024, the top five debtors of accounts receivable of the Group amounted to RMB 29,640, representing 32% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts was RMB 619 (As of December 31, 2023, the top five debtors of accounts receivable of the Group amounted to RMB 27,509, representing 39% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts was RMB 645).

During the six months ended June 30, 2024 and the six months ended June 30, 2023, 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, 2024, 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 RMB 1,528 and RMB 10,421 (For the six months ended June 30, 2023: RMB 1,838 and RMB 5,419) respectively, with the losses on discount of RMB 31 recognised in profit or loss (For the six months ended June 30, 2023: RMB 17).

As of June 30, 2024 and December 31, 2023, all receivables financing of the Group are due within one year.

11 ADVANCES TO SUPPLIERS

	June 30, 2024	December 31,2023
Advances to suppliers	25,193	12,816
Less: Provision for impairment	(346)	(355)
	24,847	12,461

As of June 30, 2024 and December 31, 2023, advances to suppliers of the Group were mainly aged within one year.

As of June 30, 2024, the top five debtors of advances to suppliers of the Group amounted to RMB 13,936, representing 55% of total advances to suppliers (As of December 31, 2023, the top five debtors of advances to suppliers of the Group amounted to RMB 5,533, representing 43% of total advances to suppliers).

(All amounts in RMB millions unless otherwise stated)

12 OTHER RECEIVABLES

	The Group		The Company	
	June 30, 2024	December 31,2023	June 30, 2024	December 31,2023
Dividends receivable	210	49	31	22
Other receivables (a)	41,419	31,041	20,059	15,213
Total	41,629	31,090	20,090	15,235

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

	The Group					
	June 30, 2024			December 31, 2023		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	37,281	84	(141)	26,835	78	(86)
1 to 2 years	1,349	3	(79)	1,261	4	(87)
2 to 3 years	1,255	3	(193)	1,200	4	(155)
Over 3 years	4,620	10	(2,673)	4,741	14	(2,668)
	44,505	100	(3,086)	34,037	100	(2,996)

	The Company					
	June 30, 2024			December 31, 2023		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	17,660	81	(136)	12,958	77	(111)
1 to 2 years	666	3	(6)	617	4	(19)
2 to 3 years	1,832	9	(926)	1,726	10	(914)
Over 3 years	1,604	7	(635)	1,590	9	(634)
	21,762	100	(1,703)	16,891	100	(1,678)

(All amounts in RMB millions unless otherwise stated)

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

	June 30, 2024				December 31, 2023			
	Gross carrying amount		Provision for bad debts		Gross carrying amount		Provision for bad debts	
	Amount	Percentage of total balance %	Amount	Provision ratio %	Amount	Percentage of total balance %	Amount	Provision ratio %
Provision for bad debts on an individual basis	3,174	7	(3,063)	96.5	3,094	9	(2,974)	96.1
Provision for bad debts on a collective basis	41,331	93	(23)	0.1	30,943	91	(22)	0.1
	44,505	100	(3,086)		34,037	100	(2,996)	

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

As of June 30, 2024, the top five debtors of other receivables of the Group amounted to RMB 11,713, representing 26% of total other receivables, and the provision for bad and doubtful debts amounted to RMB 1 (As of December 31, 2023, the top five debtors of other receivables of the Group amounted to RMB 11,220, representing 33% of total other receivables, and the provision for bad and doubtful debts amounted to RMB 2).

As of June 30, 2024 and December 31, 2023, the Group's other receivables are mainly in the first stage.

During the six months ended June 30, 2024 and the six months ended June 30, 2023, the Group had no significant write-off of other receivables.

13 INVENTORIES

	June 30, 2024	December 31, 2023
Cost		
Crude oil and other raw materials	68,015	62,784
Work in progress	19,009	21,386
Finished goods	98,663	102,041
Spare parts and consumables	140	119
	185,827	186,330
Less: Write down in inventories	(3,153)	(5,797)
Net book value	182,674	180,533

14 OTHER CURRENT ASSETS

The balance of other current assets mainly consists of value-added tax recoverable and prepaid income tax.

(All amounts in RMB millions unless otherwise stated)

15 INVESTMENT IN OTHER EQUITY INSTRUMENTS

	June 30, 2024	December 31, 2023
Houpu Clean Energy Group Co., Ltd.	165	290
Other items	528	549
	693	839

16 LONG-TERM EQUITY INVESTMENTS

	The Group			
	December 31, 2023	Additions	Reductions	June 30, 2024
Associates and joint ventures (a)	286,663	14,434	(2,755)	298,342
Less : Provision for impairment (b)	(5,691)	(54)	9	(5,736)
	280,972			292,606

	The Company			
	December 31, 2023	Additions	Reductions	June 30, 2024
Subsidiaries (c)	294,934	7,688	(16)	302,606
Associates and joint ventures	215,775	7,393	(1,095)	222,073
Less : Provision for impairment	(381)	-	5	(376)
	510,328			524,303

As of June 30, 2024, 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
CNPC Captive Insurance Co., Ltd.	PRC	Property loss insurance, liability insurance, credit insurance and deposit insurance; as well as the application of the above insurance reinsurance and insurance capital business	6,000	49.00	-	49.00	Equity method	No
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, 2023	Investment income recognised under equity method	Other comprehen-sive income	Cash dividend declared	Others	June 30, 2024
PipeChina	149,500	160,445	5,134	-	-	139	165,718
CP Finance	10,223	28,259	1,228	111	(461)	-	29,137
CNPC Captive Insurance Co., Ltd.	2,450	3,677	8	-	(43)	-	3,642
China Marine Bunker (PetroChina) Co., Ltd.	1,298	1,097	40	1	(36)	-	1,102
Mangistau Investment B.V.	21	4,741	188	(140)	(675)	-	4,114
Trans-Asia Gas Pipeline Co., Ltd.	2,500	25,349	855	8	-	-	26,212

Interest in associates

Summarised consolidated balance sheet in respect of the Group's principal associates and reconciliation to carrying amount is as follows:

	PipeChina		CP Finance		CNPC Captive Insurance Co., Ltd.	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Percentage of ownership interest (%)	29.90	29.90	32.00	32.00	49.00	49.00
Current assets	120,725	118,631	416,493	437,359	11,223	10,346
Non-current assets	820,052	821,864	100,813	90,746	386	576
Current liabilities	105,200	130,331	422,535	436,116	355	271
Non-current liabilities	230,941	225,296	4,808	4,771	3,821	3,147
Net assets	604,636	584,868	89,963	87,218	7,433	7,504
Net assets attributable to owners of the Company	554,240	536,607	89,963	87,218	7,433	7,504
Group's share of net assets	165,718	160,445	28,788	27,910	3,642	3,677
Goodwill	-	-	349	349	-	-
Carrying amount of interest in associates	165,718	160,445	29,137	28,259	3,642	3,677

(All amounts in RMB millions unless otherwise stated)

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

	PipeChina		CP Finance		CNPC Captive Insurance Co., Ltd.	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Operating income	60,708	60,583	8,395	8,414	566	492
Net profit	18,979	20,393	3,836	3,027	17	238
Other comprehensive income	-	-	348	1,432	-	-
Total comprehensive income	18,979	20,393	4,184	4,459	17	238
Total comprehensive income attributable to owners of the Company	17,170	17,780	4,184	4,459	17	238
Group's share of total comprehensive income	5,134	5,316	1,339	1,427	8	117
Dividends received by the Group	-	-	461	455	43	47

Interest in 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, 2024	December 31, 2023	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Percentage of ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,768	1,755	9,450	10,062	48,725	52,272
Current assets	13,609	10,460	1,969	2,879	5,908	622
Including: cash and cash equivalents	2,047	2,983	1,001	1,592	5,325	611
Non-current liabilities	172	178	2,268	2,164	2,104	2,106
Current liabilities	12,662	9,507	923	1,295	106	90
Net assets	2,543	2,530	8,228	9,482	52,423	50,698
Net assets attributable to owners of the Company	2,204	2,194	8,228	9,482	52,423	50,698
Group's share of net assets	1,102	1,097	4,114	4,741	26,212	25,349
Carrying amount of interest in joint ventures	1,102	1,097	4,114	4,741	26,212	25,349

(All amounts in RMB millions unless otherwise stated)

Summarised statement of comprehensive income 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, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Operating income	33,053	26,579	7,121	6,266	7	8
Finance expenses	(129)	(101)	(122)	(131)	3	(15)
Including: Interest income	58	50	19	3	26	15
Interest expense	(195)	(148)	(155)	(106)	(23)	(23)
Income tax expense	(33)	(18)	(330)	(309)	(535)	(47)
Net profit	107	65	376	320	1,710	2,520
Other comprehensive income /(loss)	1	7	(280)	216	15	200
Total comprehensive income	108	72	96	536	1,725	2,720
Total comprehensive income attributable to owners of the Company	82	52	96	536	1,725	2,720
Group's share of total comprehensive income	41	26	48	268	863	1,360
Dividends received by the group	36	-	675	-	-	-

(b) Provision for impairment

	December 31, 2023	Additions	Reductions	June 30, 2024
Associates and joint ventures				
Petrourica S.A.	(3,401)	(22)	-	(3,423)
PetroChina Shouqi Sales Company Limited	(60)	-	-	(60)
PetroChina Beiqi Sales (Beijing) Company Limited	(49)	-	-	(49)
Others	(2,181)	(32)	9	(2,204)
	(5,691)	(54)	9	(5,736)

(All amounts in RMB millions unless otherwise stated)

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2023	Additions	Reductions	June 30, 2024
Daqing Oilfield Company Limited	66,720	66,720	-	-	66,720
PetroChina International Investment Company Limited	35,041	35,041	-	-	35,041
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		103,252	7,688	(16)	110,924
Total		294,934	7,688	(16)	302,606

Summarised 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	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Percentage of ownership interest (%)	50.00	50.00	90.00	90.00
Current assets	105,761	49,758	15,912	13,827
Non-current assets	117,799	168,939	13,546	14,747
Current liabilities	14,057	17,665	4,356	3,736
Non-current liabilities	15,877	12,545	132	240
Net assets	193,626	188,487	24,970	24,598

(All amounts in RMB millions unless otherwise stated)

Summarised statement of comprehensive income is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Operating income	25,820	24,965	30,767	29,549
Net profit	8,742	7,905	382	480
Total comprehensive income	9,470	13,043	382	480
Profit attributable to non-controlling interests	4,683	4,162	38	48
Dividends paid to non-controlling interests	2,339	2,000	5	-

Summarised statement of cash flow is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Net cash flows from operating activities	6,800	3,287	2,973	3,277

(All amounts in RMB millions unless otherwise stated)

17 FIXED ASSETS

	December 31, 2023	Additions	Reductions	June 30, 2024
Cost				
Buildings	282,503	790	(842)	282,451
Equipment and Machinery	891,459	15,436	(3,691)	903,204
Motor Vehicles	20,492	91	(312)	20,271
Others	49,680	489	(383)	49,786
Total	1,244,134	16,806	(5,228)	1,255,712
Accumulated depreciation				
Buildings	(135,626)	(5,514)	594	(140,546)
Equipment and Machinery	(530,001)	(18,359)	2,575	(545,785)
Motor Vehicles	(16,261)	(378)	283	(16,356)
Others	(27,271)	(1,041)	354	(27,958)
Total	(709,159)	(25,292)	3,806	(730,645)
Fixed assets, net				
Buildings	146,877			141,905
Equipment and Machinery	361,458			357,419
Motor Vehicles	4,231			3,915
Others	22,409			21,828
Total	534,975			525,067
Provision for impairment				
Buildings	(6,725)	-	92	(6,633)
Equipment and Machinery	(50,409)	-	293	(50,116)
Motor Vehicles	(127)	-	1	(126)
Others	(9,536)	-	212	(9,324)
Total	(66,797)	-	598	(66,199)
Net book value				
Buildings	140,152			135,272
Equipment and Machinery	311,049			307,303
Motor Vehicles	4,104			3,789
Others	12,873			12,504
Total	468,178			458,868

(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, 2024 was RMB 24,397 (for the six months ended June 30, 2023: RMB 24,466). Cost transferred from construction in progress to fixed assets was RMB 14,736 (for the six months ended June 30, 2023: RMB 16,992).

As of June 30, 2024, the Group's fixed assets under operating leases were mainly equipment and machinery, the net book value of which amounted to RMB 1,573 (December 31, 2023: RMB 1,683).

As of June 30, 2024, the Group's fixed assets with a book value of RMB 325 (December 31, 2023: RMB 836) were used as collateral for long-term borrowings of RMB 264 (December 31, 2023: RMB 890) (Note 34).

18 OIL AND GAS PROPERTIES

	December 31, 2023	Additions	Reductions	June 30, 2024
Cost				
Mineral interests	75,195	120	(920)	74,395
Wells and related facilities	2,765,686	58,749	(3,286)	2,821,149
Total	2,840,881	58,869	(4,206)	2,895,544
Accumulated depletion				
Mineral interests	(27,270)	(1,021)	-	(28,291)
Wells and related facilities	(1,832,885)	(82,355)	2,488	(1,912,752)
Total	(1,860,155)	(83,376)	2,488	(1,941,043)
Oil and gas properties, net				
Mineral interests	47,925			46,104
Wells and related facilities	932,801			908,397
Total	980,726			954,501
Provision for impairment				
Mineral interests	(36,771)	-	883	(35,888)
Wells and related facilities	(87,699)	-	87	(87,612)
Total	(124,470)	-	970	(123,500)
Net book value				
Mineral interests	11,154			10,216
Wells and related facilities	845,102			820,785
Total	856,256			831,001

(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, 2024 was RMB 82,439 (for the six months ended June 30, 2023: RMB 79,035). Cost transferred from construction in progress to oil and gas properties was RMB 56,870 (for the six months ended June 30, 2023: RMB 57,582).

As of June 30, 2024, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB 134,257 (December 31, 2023: RMB 131,124). Related depletion charge for the six months ended June 30, 2024 was RMB 3,104 (for the six months ended June 30, 2023: RMB 2,795).

19 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2023	Additions	Transferred to fixed assets or oil and gas properties	Other Reductions	June 30, 2024	Proportion of construction compared to budget	Capitalised interest expense	Including: capitalised interest expense for current year	Source of fund
Refining and chemical transformation and upgrading project of Jilin Petrochemical Company	33,926	6,080	5,073	(2)	-	11,151	32.9%	81	68	Self & loan
Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project	30,459	1,535	1,594	-	-	3,129	27.4%	-	-	Self
Restart and supporting new energy project of Qinghai Oilfield Golmud Gas Turbine Power Station	5,662	2,500	68	-	-	2,568	57.5%	13	13	Loan
Others		195,952	71,345	(71,604)	(2,900)	192,793		1,775	142	
		206,067	78,080	(71,606)	(2,900)	209,641		1,869	223	
Less:										
Provision for impairment		(8,634)	-	-	149	(8,485)				
		197,433				201,156				

For the six months ended June 30, 2024, the capitalised interest expense amounted to RMB 223 (for the six months ended June 30, 2023: RMB 199). The average annual interest rates used to determine the capitalised amount for the six months ended June 30, 2024 were 2.80% (for the six months ended June 30, 2023: 3.49%).

(All amounts in RMB millions unless otherwise stated)

20 LEASES

The leases where the Group is a lessee

Right-of-use Assets

	December 31, 2023	Additions	Reductions	June 30, 2024
Cost				
Land	103,118	2,117	(317)	104,918
Buildings	58,185	2,023	(1,857)	58,351
Equipment and Machinery	7,417	1,282	(650)	8,049
Others	1,107	54	(192)	969
Total	169,827	5,476	(3,016)	172,287
Accumulated depreciation				
Land	(17,438)	(2,084)	222	(19,300)
Buildings	(22,287)	(3,062)	1,207	(24,142)
Equipment and Machinery	(3,912)	(1,037)	294	(4,655)
Others	(691)	(99)	155	(635)
Total	(44,328)	(6,282)	1,878	(48,732)
Provision for impairment				
Buildings	(76)	-	-	(76)
Total	(76)	-	-	(76)
Net book value				
Land	85,680			85,618
Buildings	35,822			34,133
Equipment and Machinery	3,505			3,394
Others	416			334
Total	125,423			123,479

The Group's right-of-use assets mainly include leased land, buildings, equipment and machinery. The leases underlying assets classified as buildings are mainly the leased gas filling stations, oil storages and office buildings. The leases underlying assets classified as equipment and machinery are mainly production equipment and other movable equipment.

Depreciation charged to profit or loss provided on right-of-use assets for the six months ended June 30, 2024 was RMB 6,282 (for the six months ended June 30, 2023: RMB 5,887).

(All amounts in RMB millions unless otherwise stated)

Lease Liabilities

	June 30, 2024	December 31, 2023
Lease liabilities	120,429	121,211
Less: Lease liabilities due within one year (Note 33)	(8,259)	(7,773)
	112,170	113,438

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

	June 30, 2024	December 31, 2023
Within 1 year	12,811	12,355
1 to 2 years	12,013	11,720
2 to 5 years	28,981	29,252
Over 5 years	140,325	140,715
	194,130	194,042

21 INTANGIBLE ASSETS

	December 31, 2023	Additions	Reductions	June 30, 2024
Cost				
Land use rights	103,349	1,070	(145)	104,274
Franchise	24,075	45	(10)	24,110
Patents	6,389	6	-	6,395
Others	20,632	190	(126)	20,696
Total	154,445	1,311	(281)	155,475
Accumulated amortisation				
Land use rights	(31,687)	(1,456)	44	(33,099)
Franchise	(10,607)	(313)	5	(10,915)
Patents	(4,117)	(115)	-	(4,232)
Others	(14,225)	(569)	126	(14,668)
Total	(60,636)	(2,453)	175	(62,914)
Intangible assets, net				
Land use rights	71,662			71,175
Franchise	13,468			13,195
Patents	2,272			2,163
Others	6,407			6,028
Total	93,809			92,561
Provision for impairment	(1,065)	-	33	(1,032)
Net book value	92,744			91,529

(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, 2024 was RMB 2,414 (for the six months ended June 30, 2023: RMB 2,523).

22 GOODWILL

	June 30, 2024	December 31, 2023
Cost		
PetroIneos Trading Limited	4,820	4,790
Singapore Petroleum Company	3,138	3,119
Others	854	861
Total	8,812	8,770
Provision for impairment	(1,336)	(1,328)
Net book value	7,476	7,442

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

23 LONG-TERM PREPAID EXPENSES

	December 31, 2023	Additions	Reductions	June 30, 2024
Catalyst	8,547	463	(1,033)	7,977
Lease asset improvement expenses	2,532	130	(231)	2,431
Others	3,010	173	(438)	2,745
Total	14,089	766	(1,702)	13,153

24 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)

25 PROVISION FOR ASSETS

	December 31, 2023	Additions	Reversal	Write-off and others	June 30, 2024
Provision for bad debts	5,683	150	(39)	(190)	5,604
Including:					
Provision for bad debts of accounts receivable	2,687	58	(37)	(190)	2,518
Provision for bad debts of other receivables	2,996	92	(2)	-	3,086
Provision for impairment of advances to suppliers	355	-	-	(9)	346
Provision for declines in the value of inventories	5,797	351	(155)	(2,840)	3,153
Provision for impairment of long-term equity investments	5,691	20	-	25	5,736
Provision for impairment of fixed assets	66,797	-	-	(598)	66,199
Provision for impairment of oil and gas properties	124,470	-	-	(970)	123,500
Provision for impairment of construction in progress	8,634	-	-	(149)	8,485
Provision for impairment of intangible assets	1,065	-	-	(33)	1,032
Provision for impairment of goodwill	1,328	-	-	8	1,336
Provision for impairment of right-of-use assets	76	-	-	-	76
Provision for impairment of other non-current assets	166	132	(74)	(2)	222
Total	220,062	653	(268)	(4,758)	215,689

26 SHORT-TERM BORROWINGS

	June 30, 2024	December 31, 2023
Guarantee - USD	1,696	900
Mortgage - RMB	-	553
Unsecured - RMB	20,403	17,510
Unsecured - USD	16,021	16,252
Unsecured - JPY	2,326	3,153
Unsecured - Other	148	611
	40,594	38,979

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2024 and December 31, 2023, the above guaranteed USD borrowings were mainly guaranteed by minority shareholders of relevant non-wholly-owned subsidiaries. As of December 31, 2023, the mortgage borrowings were secured by intangible assets with a carrying amount of RMB 297.

The weighted average interest rate for short-term borrowings as of June 30, 2024 was 3.78% per annum (December 31, 2023: 3.94%).

27 NOTES PAYABLE

As of June 30, 2024, notes payable mainly represented bank acceptance (As of December 31, 2023, mainly represented commercial acceptance). All notes payable are matured within one year.

28 ACCOUNTS PAYABLE

The aging of accounts payable is analysed as follows:

	The Group			
	June 30, 2024		December 31, 2023	
	Amount	Percentage of total balance %	Amount	Percentage of total balance %
Within 1 year	239,916	90	257,264	89
1 to 2 years	11,463	4	14,185	5
2 to 3 years	3,763	1	4,599	2
Over 3 years	12,021	5	13,108	4
	267,163	100	289,156	100

As of June 30, 2024, accounts payable aged over one year amounted to RMB 27,247 (December 31, 2023: RMB 31,892), and mainly comprised of unsettled payables to suppliers.

29 CONTRACT LIABILITIES

Contract liabilities mainly represented advances from customers related to the sales of refined oil and natural gas. As of June 30, 2024, the contract liabilities aged over one year amounted to RMB 3,829 (December 31, 2023: RMB 3,732). 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)

30 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2023	Additions	Reductions	June 30, 2024
Short-term employee benefits	8,493	70,736	(60,489)	18,740
Post-employment benefits-defined contribution plans	27	12,195	(12,074)	148
Termination benefits	2	42	(42)	2
	8,522	82,973	(72,605)	18,890

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, 2023	Additions	Reductions	June 30, 2024
Wages, salaries and allowances	3,076	54,212	(44,264)	13,024
Staff welfare	-	3,394	(3,394)	-
Social security contributions	492	5,937	(5,994)	435
Including:				
Medical insurance	475	5,483	(5,541)	417
Work-related injury insurance	14	429	(428)	15
Maternity insurance	3	25	(25)	3
Housing provident funds	3	5,546	(5,543)	6
Labour union funds and employee education funds	4,870	1,621	(1,268)	5,223
Others	52	26	(26)	52
	8,493	70,736	(60,489)	18,740

(3) Post-employment benefits-defined contribution plans

	December 31, 2023	Additions	Reductions	June 30, 2024
Basic pension insurance	21	7,773	(7,658)	136
Unemployment insurance	2	269	(266)	5
Annuity	4	4,153	(4,150)	7
	27	12,195	(12,074)	148

As of June 30, 2024, employee benefits payable did not contain any balance in arrears.

(All amounts in RMB millions unless otherwise stated)

31 TAXES PAYABLE

	June 30, 2024	December 31, 2023
Levy for mineral rights concessions payable	25,707	23,626
Income tax payable	15,178	11,152
Consumption tax payable	13,263	15,335
Value added tax payable	7,183	5,189
Crude oil special gain levy payable	5,346	5,557
Others	11,610	13,056
	78,287	73,915

32 OTHER PAYABLES

As of June 30, 2024, other payables mainly comprised construction fee payables, deposit, earnest money, caution money and insurance payables. Other payables aged over one year amounted to RMB 8,325 (December 31, 2023: RMB 7,042).

33 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2024	December 31, 2023
Long-term borrowings due within one year	85,830	72,532
Debentures payable due within one year	6,263	37,269
Long-term payables due within one year	328	242
Lease liabilities due within one year	8,259	7,773
	100,680	117,816

34 LONG-TERM BORROWINGS

	June 30, 2024	December 31, 2023
Guarantee - RMB	3,275	3,334
Guarantee - USD	95	98
Pledge - RMB	2,526	2,590
Pledge - USD	-	708
Mortgage - RMB	819	890
Unsecured - RMB	78,859	115,365
Unsecured - USD	66,654	71,830
Unsecured - Other	3,728	3,882
	155,956	198,697
Less: Long-term borrowings due within one year (Note 33)	(85,830)	(72,532)
	70,126	126,165

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2024 and December 31, 2023, the above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries, and the RMB pledge borrowings were mainly pledged by natural gas charging rights. As of December 31, 2023, The US dollar pledge borrowings were pledged by the deposit of RMB 2,140.

As of June 30, 2024, the secured liabilities were secured by fixed assets with a book value of RMB 325; construction in progress with a book value of RMB 286 and intangible assets with a book value of RMB 344 (December 31, 2023: fixed assets with a book value of RMB 836; construction in progress with a book value of RMB 162 and intangible assets with a book value of RMB 24).

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, 2024	December 31, 2023
Within one year	90,374	83,379
Between one and two years	25,577	87,400
Between two and five years	23,862	25,700
After five years	25,189	22,961
	165,002	219,440

The weighted average interest rate for long-term borrowings as of June 30, 2024 was 3.45% (December 31, 2023: 3.52%).

The fair value of long-term borrowings (including long-term borrowings due within one year) amounted to RMB 153,224 (December 31, 2023: RMB 196,941). 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)

35 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of Debentures	Annual interest rate%	December 31, 2023	Principal Additions	Changes in interest payable	Principal Reductions	June 30, 2024
2012 PetroChina Company Limited Corporate Debentures first tranche - 15 years	November 22, 2012	15 - year	5.04	2,010	-	51	-	2,061
Kunlun Energy Company Limited priority notes - 10 years	May 13, 2015	10 - year	3.75	3,551	25	1	-	3,577
2016 PetroChina Company Limited Corporate Debentures first tranche - 10 years	January 18, 2016	10 - year	3.50	4,856	-	(82)	-	4,774
2016 PetroChina Company Limited Corporate Debentures second tranche - 10 years	March 1, 2016	10 - year	3.70	2,371	-	(43)	-	2,328
2016 PetroChina Company Limited Corporate Debentures third tranche - 10 years	March 22, 2016	10 - year	3.60	2,056	-	(37)	-	2,019
2019 PetroChina Company Limited first tranche medium-term notes - 5 years	January 22, 2019	5 - year	2.70	3,209	-	(79)	(3,130)	-
2019 PetroChina Company Limited second tranche medium-term notes - 5 years	January 22, 2019	5 - year	2.70	2,820	-	(70)	(2,750)	-
2019 PetroChina Company Limited third tranche medium-term notes - 5 years	February 21, 2019	5 - year	3.66	10,314	-	(314)	(10,000)	-
2019 PetroChina Company Limited fourth tranche medium-term notes - 5 years	February 21, 2019	5 - year	3.66	10,314	-	(314)	(10,000)	-
2019 PetroChina Company Limited fifth tranche medium-term notes - 5 years	April 22, 2019	5 - year	3.96	10,274	-	(274)	(10,000)	-
2022 PetroChina Company Limited first tranche medium-term green notes - 3 years	April 27, 2022	3 - year	2.26	508	-	(6)	-	502
2022 PetroChina Company Limited second tranche medium-term green notes - 3 years	June 15, 2022	3 - year	2.19	2,019	-	(17)	-	2,002
				54,302	25	(1,184)	(35,880)	17,263
Less: Debentures Payable due within one year (Note 33)				(37,269)				(6,263)
				17,033				11,000

(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, 2024, the above-mentioned debentures which were guaranteed by CNPC amounted to RMB 2,000 (December 31, 2023: RMB 2,000).

The fair value of the debentures amounted to RMB 17,014 (December 31, 2023: RMB 53,410). 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).

36 PROVISIONS

	December 31, 2023	Additions	Reductions	June 30, 2024
Asset retirement obligations	144,299	3,525	(960)	146,864

Asset retirement obligations are related to oil and gas properties.

37 DEFERRED TAX ASSETS AND LIABILITIES

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

(a) Deferred tax assets

	June 30, 2024		December 31, 2023	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Impairment, depreciation and depletion of assets	6,016	25,551	5,228	25,052
Lease liabilities	28,977	120,207	28,687	119,456
Provisions - Asset retirement obligations	34,580	146,864	34,653	144,299
Wages and welfare	2,169	10,849	1,302	5,795
Carry forward of losses	2,839	11,501	2,581	11,607
Others	20,572	90,818	17,042	77,274
	95,153	405,790	89,493	383,483

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2024, certain subsidiaries of the Company did not recognise deferred tax asset of deductible tax losses carried forward of RMB 37,658 (December 31, 2023: RMB 38,518), of which RMB 759 (for the six months ended June 30, 2023: RMB 1,677) was incurred for the six months ended June 30, 2024, because it was not probable that the related tax benefit will be realised. These deductible tax losses carried forward of RMB 420, RMB 3,392, RMB 1,128, RMB 719, RMB 2,848 and RMB 29,151 will expire in 2024, 2025, 2026, 2027, 2028, 2029 and thereafter, respectively.

(b) Deferred tax liabilities

	June 30, 2024		December 31, 2023	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of assets	30,217	122,731	31,734	111,445
Right-of-use assets	26,441	110,444	26,505	110,997
Oil and gas properties - Asset retirement obligations	5,120	23,484	5,529	23,888
Others	32,514	150,120	30,742	144,379
	94,292	406,779	94,510	390,709

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

	June 30, 2024	December 31, 2023
Deferred tax assets	24,707	18,127
Deferred tax liabilities	23,846	23,144

38 SHARE CAPITAL

	June 30, 2024	December 31, 2023
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 RMB 1.00 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 RMB 1.00 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 RMB 1.00 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 RMB 1.00 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.

39 CAPITAL SURPLUS

	December 31, 2023	Additions	Reductions	June 30, 2024
Capital premium	84,831	-	(1)	84,830
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Others	(2,708)	15	-	(2,693)
	123,078	15	(1)	123,092

(All amounts in RMB millions unless otherwise stated)

40 SURPLUS RESERVES

	December 31, 2023	Additions	Reductions	June 30, 2024
Statutory Surplus Reserves	237,762	-	-	237,762
Discretionary Surplus Reserves	40	-	-	40
	237,802	-	-	237,802

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, 2024 (for the six months ended June 30, 2023: None).

41 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2024
Undistributed profits at beginning of the period	914,375
Add: Net profit attributable to equity holders of the Company	88,607
Less: Dividends payable to ordinary shares	(42,095)
Others	(190)
Undistributed profits at end of the period	960,697

Final dividends attributable to owners of the Company in respect of 2023 of RMB 0.23 yuan (inclusive of applicable tax) per share, amounting to a total of RMB 42,095 were approved by the shareholders in the Annual General Meeting on June 5, 2024 and were paid on June 26, 2024 (A shares) and July 29, 2024 (H shares).

As authorised by shareholders in the Annual General Meeting on June 5, 2024, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2024 of RMB 0.22 yuan (inclusive of applicable tax) per share amounting to a total of RMB 40,265 according to the issued 183,021 million shares on August 26, 2024. 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 balance sheet date.

(All amounts in RMB millions unless otherwise stated)

42 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	4,683	2,339	98,734
KunLun Energy Company Limited	45.62	3,523	3,305	51,970
PetroChina Sichuan Petrochemical Company Limited	10.00	38	5	2,497
Others				35,048
				188,249

43 OPERATING INCOME AND COST OF SALES

	The Group			
	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Principal operations (b)	1,521,533	1,194,917	1,446,772	1,129,998
Other operations (c)	32,336	33,417	33,099	34,469
Total	1,553,869	1,228,334	1,479,871	1,164,467
Including: Revenue from contracts with customers (a)	1,553,227		1,478,970	
Other revenue	642		901	

	The Company			
	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Principal operations (b)	895,702	688,362	860,169	656,512
Other operations (c)	24,295	25,342	26,512	27,683
Total	919,997	713,704	886,681	684,195
Including: Revenue from contracts with customers (a)	919,476		886,168	
Other revenue	521		513	

(All amounts in RMB millions unless otherwise stated)

(a) Revenue from contracts with customers

For the six months ended June 30, 2024 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	307,681	-	401,607	-	-	709,288
Natural gas	79,313	-	193,705	281,371	-	554,389
Refined products	-	508,482	630,295	-	-	1,138,777
Chemicals products	-	124,157	26,762	-	-	150,919
Pipeline transportation business	-	-	-	581	-	581
Non-oil sales in gas stations	-	-	15,213	-	-	15,213
Others	62,616	2,845	1,277	15,954	1,581	84,273
Intersegment elimination	(378,608)	(432,759)	(273,274)	(15,483)	(89)	(1,100,213)
Total	71,002	202,725	995,585	282,423	1,492	1,553,227
Geographical Region						
China's mainland	32,641	202,725	460,868	282,423	1,492	980,149
Others	38,361	-	534,717	-	-	573,078
Total	71,002	202,725	995,585	282,423	1,492	1,553,227

For the six months ended June 30, 2023 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	293,104	-	380,795	-	-	673,899
Natural gas	78,532	-	184,554	259,155	-	522,241
Refined products	-	471,849	614,586	-	-	1,086,435
Chemical products	-	99,785	27,185	-	-	126,970
Pipeline transportation business	-	-	-	515	-	515
Non-oil sales in gas stations	-	-	17,049	-	-	17,049
Others	53,025	3,287	498	16,630	1,244	74,684
Intersegment elimination	(355,390)	(418,608)	(235,988)	(12,676)	(161)	(1,022,823)
Total	69,271	156,313	988,679	263,624	1,083	1,478,970
Geographical Region						
China's mainland	34,128	156,313	498,577	263,624	1,083	953,725
Others	35,143	-	490,102	-	-	525,245
Total	69,271	156,313	988,679	263,624	1,083	1,478,970

(All amounts in RMB millions unless otherwise stated)

	The Company	
Type of contract	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Type of goods and services		
Crude oil	243,998	231,743
Natural gas	338,803	312,136
Refined products	802,935	830,977
Chemical products	118,123	103,382
Non-oil sales in gas stations	13,185	15,034
Others	41,190	32,819
Intersegment elimination	(638,758)	(639,923)
Total	919,476	886,168

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, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Oil, Gas and New energy	441,017	298,733	416,844	284,076
Refining, Chemicals and New materials	632,639	504,735	571,634	435,604
Marketing	1,252,547	1,214,350	1,207,130	1,170,130
Natural Gas Sales	295,146	281,813	273,819	262,892
Head Office and Other	397	101	168	119
Intersegment elimination	(1,100,213)	(1,104,815)	(1,022,823)	(1,022,823)
Total	1,521,533	1,194,917	1,446,772	1,129,998

	The Company			
	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Oil, Gas and New energy	347,089	256,340	325,426	248,983
Refining, Chemicals and New materials	474,758	380,815	489,282	379,931
Marketing	451,528	433,756	448,180	431,158
Natural Gas Sales	260,739	257,572	237,036	236,244
Head Office and Other	345	101	168	119
Intersegment elimination	(638,757)	(640,222)	(639,923)	(639,923)
Total	895,702	688,362	860,169	656,512

(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, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Sale of materials	3,624	3,340	3,337	3,065
Non-oil sales in gas stations	15,213	13,458	17,049	15,493
Others	13,499	16,619	12,713	15,911
Total	32,336	33,417	33,099	34,469

	The Company			
	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	Income	Cost	Income	Cost
Sale of materials	2,914	2,238	3,289	2,612
Non-oil sales in gas stations	13,185	11,750	15,034	13,681
Others	8,196	11,354	8,189	11,390
Total	24,295	25,342	26,512	27,683

44 TAXES AND SURCHARGES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Consumption tax	86,936	88,256
Resource tax	15,396	14,509
Crude oil special gain levy	9,277	6,758
City maintenance and construction tax	8,795	8,820
Educational surcharge	6,519	6,506
Levy for mineral rights concessions	2,164	-
Urban and township land use tax	1,927	1,947
Others	3,424	3,060
	134,438	129,856

(All amounts in RMB millions unless otherwise stated)

45 SELLING EXPENSES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Employee compensation costs	11,124	10,912
Depreciation, depletion and amortisation	7,212	7,491
Transportation expenses	3,347	5,808
Lease, packing, warehouse storage expenses	1,700	1,685
Others	6,632	6,105
	30,015	32,001

46 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Employee compensation costs	17,530	16,327
Depreciation, depletion and amortisation	3,301	3,295
Safety fund	3,450	3,629
Technology service expense	508	420
Other taxes	153	187
Others	4,702	2,263
	29,644	26,121

47 RESEARCH AND DEVELOPMENT EXPENSES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Employee compensation costs	4,145	3,999
Depreciation, depletion and amortisation	611	646
Fuel and material consumption	334	397
Others	4,567	4,609
	9,657	9,651

(All amounts in RMB millions unless otherwise stated)

48 FINANCE EXPENSES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Interest expenses	10,978	12,383
Include: Interest expenditure on lease liabilities	2,609	2,617
Less: Capitalized interest	(223)	(199)
Less: Interest income	(4,426)	(3,597)
Exchange losses	4,729	14,041
Less: Exchange gains	(4,976)	(14,099)
Others	710	659
	6,792	9,188

49 OTHER INCOME

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Refund of import value-added tax, relating to the import of natural gas	7,148	7,486
Refund of value-added tax, relating to the change from business tax to value-added tax	94	89
Others	649	796
	7,891	8,371

50 INVESTMENT INCOME

	The Group	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Share of net profit of associates and joint ventures	10,292	9,667
Gains on disposal of subsidiaries	682	91
Investment loss from disposal of derivative financial instruments	(9,962)	(4,279)
Gains from ineffective portion of cash flow hedges	448	882
Gains on investments in other equity instruments	13	10
Other investment (loss)/income	(334)	325
	1,139	6,696

(All amounts in RMB millions unless otherwise stated)

	The Company	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Dividends declared by subsidiaries	18,127	14,843
Share of net profit of associates and joint ventures	7,283	6,726
(Losses)/Gains on disposal of subsidiaries	(13)	66
Gains on investments in other equity instruments	2	5
Other investment income	60	52
	25,459	21,692

51 GAINS ON CHANGES IN FAIR VALUE

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Net fair value gains on financial assets and financial liabilities at fair value through profit or loss	8,460	1,536
Unrealised gains from ineffective portion of cash flow hedges, net	174	123
	8,634	1,659

52 CREDIT IMPAIRMENT LOSSES/(REVERSAL)

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Accounts receivable	21	(380)
Other receivables	90	(27)
Others	58	(6)
	169	(413)

53 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Impairment losses for declines in the value of inventories	196	1,445
Impairment losses for fixed assets and oil and gas properties	-	16
Impairment losses for long-term equity investments	20	-
	216	1,461

(All amounts in RMB millions unless otherwise stated)

54 GAINS FROM ASSET DISPOSALS

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2024
Gains from disposal of fixed assets and oil and gas properties	149	52	149
Losses from disposal of construction in progress	(46)	-	(46)
Gains from disposal of intangible assets	87	73	87
Gains from disposal of other long-term assets	72	23	72
	262	148	262

55 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2024
Government grants	221	395	221
Other	498	657	498
	719	1,052	719

(b) Non-operating expenses

	For the six months ended June 30, 2024	For the six months ended June 30, 2023	Amount recognised in non-recurring profit or loss for the six months ended June 30, 2024
Fines	31	16	31
Donation	204	219	204
Extraordinary loss	248	95	248
Damage or scrapping of non-current assets	978	849	978
Other	2,651	2,533	2,651
	4,112	3,712	4,112

(All amounts in RMB millions unless otherwise stated)

56 INCOME TAX EXPENSE

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Income taxes	35,553	25,740
Deferred taxes	(6,026)	1,430
	29,527	27,170

The tax on the Group's profit before income tax expense 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, 2024	For the six months ended June 30, 2023
Profit before income tax expense	129,137	121,753
Tax calculated at a tax rate of 25%	32,284	30,438
Tax return true-up	3,419	(372)
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	3,350	2,275
Effect of preferential tax rate	(6,538)	(8,586)
Tax effect of income not subject to tax	(5,976)	(2,695)
Tax effect of expenses not deductible for tax purposes	3,589	4,717
Tax effect of temporary differences and deductible tax losses	(601)	1,393
Income tax expense	29,527	27,170

57 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2024 and June 30, 2023 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, and the diluted earnings per share are equal to the basic earnings per share.

(All amounts in RMB millions unless otherwise stated)

58 OTHER COMPREHENSIVE INCOME

Other comprehensive income attributable to equity holders of the Company	December 31, 2023	Amounts recognised in income statements	Amounts accumulated in other comprehensive income reclassified to retained earnings	June 30, 2024
Items that will not be reclassified to profit or loss				
Including: Changes in fair value of investments in other equity instruments	273	(69)	-	204
Items that may be reclassified to profit or loss				
Including: Other comprehensive income recognised under equity method	1,188	63	—	1,251
Cash flow hedges	9,380	(4,605)	—	4,775
Currency translation differences	(29,522)	(603)	—	(30,125)
Others	(43)	-	—	(43)
Total	(18,724)	(5,214)	-	(23,938)

59 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by nature:

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Operating income	1,553,869	1,479,871
Less: Changes in inventories of finished goods and work in progress	4,088	6,986
Raw materials and consumables used	(1,068,505)	(1,011,809)
Employee benefits expenses	(82,039)	(77,798)
Depreciation, depletion and amortisation expenses	(116,569)	(113,001)
Investment loss from disposal of derivative financial instruments	(9,962)	(4,279)
Gains from ineffective portion of cash flow hedges	448	882
Gains form changes in fair value	8,634	1,659
Credit impairment (losses)/reversal	(169)	413
Assets impairment losses	(216)	(1,461)
Lease expenses	(1,219)	(1,062)
Finance expenses	(6,792)	(9,188)
Other expenses	(149,038)	(146,800)
Operating profit	132,530	124,413

60 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, 2024, caution money received from derivatives amounted to RMB 19,761 (for the six months ended June 30, 2023: RMB 39,388).

(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, 2024, caution money paid for derivatives and transportation expenses amounted to RMB 28,688 and RMB 3,697 (for the six months ended June 30, 2023: RMB 30,644 and RMB 6,178) respectively.

(c) Cash received from disposal of investments

Cash received from disposal of investments mainly comprises cash received from time deposits with maturities over 3 months. For the six months ended June 30, 2024, cash received from time deposits with maturities over 3 months amounted to RMB 24,622 (for the six months ended June 30, 2023: RMB 24,206).

(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, 2024, cash paid for time deposits with maturities over 3 months amounted to RMB 53,567 (for the six months ended June 30, 2023: RMB 35,402).

(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, 2024, cash repayments of lease liabilities amounted to RMB 5,253 (for the six months ended June 30, 2023: RMB 5,786).

(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, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Net profit	99,610	94,583	79,523	69,450
Add: Asset impairment losses	216	1,461	18	6
Credit impairment losses/(reversal)	169	(413)	79	28
Depreciation and depletion of fixed asset and oil and gas properties	106,836	103,501	65,896	65,340
Depreciation of right-of-use assets	6,282	5,887	3,058	2,995
Amortisation of intangible assets	2,414	2,523	1,860	2,019
Amortisation of long-term prepaid expenses	1,037	1,090	1,009	972
Gains on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(262)	(148)	(235)	(123)
Damage or scrapping of fixed assets and oil and gas properties	978	849	918	251
Capitalised exploratory costs charged to expense	2,900	4,884	2,375	3,931
Safety fund reserve	2,421	2,057	1,943	1,571
Finance expenses	6,792	9,188	4,977	6,672
Investment income	(1,139)	(6,696)	(25,459)	(21,692)
(Gains)/Losses from changes in fair value	(8,634)	(1,659)	(10)	37
Changes in deferred taxation	(6,026)	1,430	(3,251)	1,528
(Increase)/Decrease in inventories	(2,337)	(1,856)	2,298	1,797
Increase in operating receivables	(53,343)	(26,217)	(26,770)	(10,231)
Increase in operating payables	59,415	31,242	58,194	33,825
Net cash flows from operating activities	217,329	221,706	166,423	158,376

(All amounts in RMB millions unless otherwise stated)

(g) Net (decrease)/increase in cash and cash equivalents

	The Group		The Company	
	For the six months ended June 30, 2024	For the six months ended June 30, 2023	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash and cash equivalents at the end of the period	192,104	219,173	52,608	86,017
Less: Cash and cash equivalents at the beginning of the period	(249,001)	(191,190)	(60,652)	(68,808)
(Decrease)/Increase in cash and cash equivalents	(56,897)	27,983	(8,044)	17,209

(h) Increase/(Decrease) 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, 2023	237,676	54,302	121,211	470	413,659
Cash inflows from financing activities	287,703	-	-	-	287,703
Cash outflows from financing activities	(333,335)	(37,647)	(7,862)	(42,354)	(421,198)
Interest accrued in the current period	5,071	583	2,609	-	8,263
Dividends accrued in the current period	-	-	-	49,505	49,505
Others	(565)	25	4,471	-	3,931
June 30, 2024	196,550	17,263	120,429	7,621	341,863

(i) Cash and Cash Equivalents

	The Group		The Company	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Cash and cash equivalents				
—Cash on hand	18	17	-	-
—Demand deposits	147,360	205,559	42,802	58,652
—Time deposits with maturities within three months	44,726	43,425	9,806	2,000
Cash and cash equivalents at the end of the period	192,104	249,001	52,608	60,652

61 SEGMENT REPORTING

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, 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 - "Principal Accounting Policies and Accounting Estimates".

(All amounts in RMB millions unless otherwise stated)

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2024 is as follows:

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	449,723	635,566	1,269,126	298,079	1,588	2,654,082
Less: Intersegment revenue	(378,608)	(432,759)	(273,274)	(15,483)	(89)	(1,100,213)
Revenue from external customers	71,115	202,807	995,852	282,596	1,499	1,553,869
Segment expenses (i)	(270,816)	(260,578)	(803,526)	(71,941)	(8,702)	(1,415,563)
Segment profit/(loss)	93,201	15,145	20,764	16,324	(7,128)	138,306
Unallocated income and expenses						(5,776)
Operating profit						132,530
Depreciation, depletion and amortisation	90,818	14,015	8,500	2,421	815	116,569
Asset impairment losses	-	122	74	20	-	216
Credit (reversal)/losses	(45)	5	45	166	(2)	169
Capital expenditures	67,413	9,666	827	576	460	78,942
June 30, 2024						
Segment assets	1,599,166	566,303	628,149	377,444	1,606,966	4,778,028
Other assets						41,129
Elimination of intersegment balances (ii)						(2,050,860)
Total assets						2,768,297
Segment liabilities	602,184	301,061	370,501	135,304	555,179	1,964,229
Other liabilities						102,133
Elimination of intersegment balances (ii)						(976,218)
Total liabilities						1,090,144

(All amounts in RMB millions unless otherwise stated)

(b) Segment information as of December 31, 2023 and for the six months ended June 30, 2023 is as follows :

	Oil, Gas and New energy	Refining, Chemicals and New materials	Marketing	Natural Gas Sales	Head Office and Other	Total
Revenue	424,782	575,005	1,225,310	276,341	1,256	2,502,694
Less: Intersegment revenue	(355,390)	(418,608)	(235,988)	(12,676)	(161)	(1,022,823)
Revenue from external customers	69,392	156,397	989,322	263,665	1,095	1,479,871
Segment expenses (i)	(262,700)	(234,619)	(786,675)	(60,333)	(9,398)	(1,353,725)
Segment profit/(loss)	86,528	19,609	14,030	14,130	(8,151)	126,146
Unallocated income and expenses						(1,733)
Operating profit						124,413
Depreciation, depletion and amortisation	86,939	14,096	8,703	2,444	819	113,001
Asset impairment losses	-	90	1,355	16	-	1,461
Credit losses/(reversal)	41	-	(391)	(62)	(1)	(413)
Capital expenditures	79,626	3,471	722	988	330	85,137
December 31, 2023						
Segment assets	1,540,632	520,296	631,629	373,941	1,637,368	4,703,866
Other assets						29,744
Elimination of intersegment balances (ii)						(1,980,900)
Total assets						2,752,710
Segment liabilities	591,540	260,787	375,033	148,957	571,825	1,948,142
Other liabilities						97,059
Elimination of intersegment balances (ii)						(923,112)
Total liabilities						1,122,089

(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, 2024	For the six months ended June 30, 2023
China's mainland	980,790	954,624
Others	573,079	525,247
	1,553,869	1,479,871

Non-current assets (i)	June 30, 2024	December 31, 2023
China's mainland	1,877,327	1,885,187
Others	186,848	184,104
	2,064,175	2,069,291

(i) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

62 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 34 and 35.

(c) Price risk

The Group is engaged in a wide range of oil and gas products-related activities. Prices of oil and gas products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts on the Group.

The Group uses derivative financial instruments, including commodity futures, commodity swaps and commodity options, to hedge some price risks efficiently.

As at June 30, 2024, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as hedges. As at June 30, 2024, the fair value of such derivative hedging financial instruments is derivative financial assets of 11,609 (December 31, 2023: 16,816) and derivative financial liabilities of 6,789 (December 31, 2023: 10,374).

As at 30 June 2024, 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 5,092 (December 31, 2023: decrease/increase 3,135) ,and resulting in an increase/decrease of approximately 2,571 in other comprehensive income of the Group (December 31, 2023: increase/decrease 685). 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, credit exposure to customers with outstanding receivable balances, other receivables and long-term 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 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 34, 35 and 20.

2. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, optimise returns for equity holders and to minimise its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as interest-bearing borrowings/(interest-bearing borrowings + total equity), interest-bearing borrowings include long-term and short-term borrowings and debentures payable. The gearing ratio as at June 30, 2024 was 11.30% (December 31, 2023: 15.19%).

(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, 2024 and December 31, 2023 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 34 and Note 35, 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 at fair value through profit or loss, financial liabilities at fair value through profit or loss, 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 through profit or loss and financial liabilities at fair value through profit or loss 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 1or 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 measured at fair value at the end of the reporting period. The investments in other equity instruments 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.

As of June 30, 2024, financial assets continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss—				
Financial assets at fair value through profit or loss	6,082	3,813	-	9,895
Derivative financial assets—				
Derivative financial assets	2,216	9,635	-	11,851
Receivables financing—				
Receivables financing	-	-	11,142	11,142
Investments in other equity instruments—				
Other equity instruments	344	-	349	693
Total	8,642	13,448	11,491	33,581

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2024, financial liabilities continuing to be measured at fair value are listed in three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial Liabilities at fair value through profit or loss—				
Financial Liabilities at fair value through profit or loss	-	4,685	-	4,685
Derivative financial liabilities—				
Derivative financial liabilities	444	6,695	-	7,139
Total	444	11,380	-	11,824

As of December 31, 2023, 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 at fair value through profit or loss—				
Financial assets at fair value through profit or loss	6,788	616	-	7,404
Derivative financial assets—				
Derivative financial assets	2,900	14,039	-	16,939
Receivables financing—				
Receivables financing	-	-	10,661	10,661
Investments in other equity instruments—				
Other equity instruments	501	-	338	839
Total	10,189	14,655	10,999	35,843

As of December 31, 2023, 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 at fair value through profit or loss—				
Financial Liabilities at fair value through profit or loss	-	1,727	-	1,727
Derivative financial liabilities—				
Derivative financial liabilities	1,025	9,704	-	10,729
Total	1,025	11,431	-	12,456

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 receivables financing classified as Level 3 financial assets.

(All amounts in RMB millions unless otherwise stated)

63 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, 2023	Additions	Reductions	June 30, 2024
China National Petroleum Corporation	486,900	-	-	486,900

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

	June 30, 2024		December 31, 2023	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	82.62	82.62	82.62	82.62

(2) Subsidiaries

Details about subsidiaries and related information are disclosed in Note 6(1).

(All amounts in RMB millions unless otherwise stated)

(3) Nature of related parties that are not controlled by the Company

Names of related parties	Relationship with the Company
PipeChina	Associate
CP Finance	Associate, Fellow subsidiary of CNPC
CNPC Captive Insurance Co., Ltd.	Associate, Fellow subsidiary of CNPC
CNPC Shared Operation Co., Ltd.	Associate, Fellow subsidiary of CNPC
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
CNPC Bohai Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
CNPC Oriental Geophysical Exploration Co., Ltd.	Fellow subsidiary of CNPC
CNPC Chuanqing Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
Daqing Petroleum Administrative Bureau Co., Ltd.	Fellow subsidiary of CNPC
Liaohe Petroleum Exploration Bureau Co., Ltd.	Fellow subsidiary of CNPC
China Petroleum Pipeline Bureau Co., Ltd.	Fellow subsidiary of CNPC
CNPC Kunlun Logistics Co., Ltd.	Fellow subsidiary of CNPC
CNPC Material Company Co., Ltd.	Fellow subsidiary of CNPC
China National Oil and Gas Exploration and Development Corporation Co., Ltd.	Fellow subsidiary of CNPC
China National United Oil Co., Ltd.	Fellow subsidiary of CNPC

(4) Summary of significant related party transactions

(a) Related party transactions with CNPC and its subsidiaries:

The Company and CNPC entered into a Comprehensive Products and Services Agreement on August 27, 2020 for a period of three years effective from January 1, 2021. 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. On August 30, 2023, the Company and CNPC entered into a new Comprehensive Products and Services Agreement on the basis of the Comprehensive Agreement signed in 2020. The New Comprehensive Agreement is valid for 3 years and took effect from January 1, 2024. In addition, the Company and CP Finance entered into a Financial Services Agreement on August 30, 2023, which stipulated the financial services provided by CP Finance to the Group. The Financial Services Agreement is valid for 3 years and took effect on January 1, 2024.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed for a period of 50 years from 2000, the Company and CNPC entered into a supplemental agreement to the Land Use Rights Leasing Contract which took effect on January 1, 2012. The expiry date of the supplemental agreement is the same as the Land Use Rights Leasing Contract, which is in 2050. The Company and CNPC may adjust area and rental payable for the leased land parcels every three years taking into consideration of production and operations of the Company and the prevailing market price. On August 27, 2020, the Company and CNPC each issued a confirmation letter of 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, 2021. The Company agreed to rent from CNPC and its subsidiaries parcels of land with an aggregate area of approximately 1,142 million square meters with annual rental payable (exclusive of tax and charges) approximately RMB 5,673 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 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 fellow 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 RMB 5,724 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 27, 2020, the Company and CNPC each issued a confirmation letter of the Buildings Leasing Contract, which adjusted the annual rental payable and the area for the leased which took effect on January 1, 2021. Buildings covering an aggregate area of 1,287.5 thousand square meters were leased at annual rental payable approximately RMB 713 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. 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 RMB 893 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, 2024	For the six months ended June 30, 2023
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	17,467	19,654
Purchases of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	54,300	54,099
Fees for production services	(3)	76,692	75,574
Social services charges	(4)	681	825
Ancillary services charges	(5)	679	544
Material supply services	(6)	6,178	6,698
Interest income	(7)	840	405
Interest expense	(8)	1,421	1,577
Other financial service expense	(9)	1,562	1,368
Rental and other expenses paid to CNPC and its subsidiaries	(10)	3,066	3,216
Purchases of assets from CNPC and its fellow subsidiaries	(11)	769	458

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) Social services comprise mainly security system, education, hospitals, and preschool.

(5) Ancillary services comprise mainly property management and provision of training centres, guesthouses, canteens, and public shower rooms.

(6) Material supply services comprise mainly purchases of materials, quality control, storage of materials and delivery of materials.

(7) The bank deposits in CNPC and its fellow subsidiaries as of June 30, 2024 were RMB 71,583 (December 31, 2023: RMB 54,142).

(8) The loans from CNPC and its fellow subsidiaries including long-term borrowings from related-party borrowings, long-term borrowings due within one year and short-term borrowings as of June 30, 2024 were RMB 128,604 (December 31, 2023: RMB 148,514).

(9) Other financial service expense primarily refers to expense of insurance and other services.

(10) 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.

(11) 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, 2024	For the six months ended June 30, 2023
(a) Sales of goods		
- Crude Oil	13,023	9,397
- Refined products	25,618	26,152
- Chemical products	185	188
- Natural Gas	9,278	8,471
(b) Sales of services	130	470
(c) Purchases of goods	21,053	13,391
(d) Purchases of services	32,550	31,373

(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, 2024, the eliminated commissioned loans include the loans provided by the Company to its subsidiaries amounted to RMB 150 (December 31, 2023: RMB 150) and the loans provided to the Company by its subsidiaries amounted to RMB 32,238 (December 31, 2023: RMB 29,615).

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 34 and Note 35.

(All amounts in RMB millions unless otherwise stated)

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2024	December 31, 2023
CNPC and its subsidiaries		
Accounts receivable	4,494	3,758
Advances to suppliers	18,643	5,352
Other receivables	4,407	3,139
Other non-current assets	21,516	6,992
Associates and joint ventures		
Accounts receivable	2,960	873
Advances to suppliers	33	52
Other receivables	889	4,078
Other current assets	9,932	9,389
Other non-current assets	8,700	9,276

As of June 30, 2024, the provisions for bad debts of the receivables from related parties amounted to RMB 565 (December 31, 2023: RMB 565).

As of June 30, 2024, the receivables from related parties represented 32% (December 31, 2023: 27%) of total receivables.

(b) Payables to related parties

	June 30, 2024	December 31, 2023
CNPC and its subsidiaries		
Notes payable	8	257
Accounts payable	45,237	38,626
Other payables	4,884	4,606
Contract liabilities	1,177	1,492
Lease liabilities (including lease liabilities due within one year)	96,616	96,003
Associates and joint ventures		
Accounts payable	7,494	4,721
Other payables	545	176
Contract liabilities	19	16

As of June 30, 2024, the payables to related parties represented 29% (December 31, 2023: 26%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2024 RMB'000	For the six months ended June 30, 2023 RMB'000
Key management personnel compensation	7,396	6,433

64 Contingent Liabilities

(1) Bank and other guarantees

As of June 30, 2024 and December 31, 2023, 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, 2024, the amounts of asset retirement obligations which have already been reflected in the consolidated financial statements relating to environmental liabilities were RMB 146,864 (December 31, 2023: RMB 144,299) (Note 36).

(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)

65 COMMITMENTS

(1) Capital commitments

As of June 30, 2024, the Group's capital commitments contracted but not provided for, were RMB 16,600 (December 31, 2023: RMB 6,050).

These capital commitments are transactions mainly with CNPC and its fellow subsidiaries.

(2) 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 RMB 27 for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB 48).

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

	June 30, 2024	June 30, 2023
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	175	500

(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, 2024
Losses on disposal of non-current assets	(716)
Government grants recognised in the income statement	583
Gains/(Losses) arising from financial assets and financial liabilities not relating to the ordinary course of activities	(542)
Reversal of provisions for bad debts against receivables	74
Other non-operating income and expenses	(2,636)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	933
	(2,304)
Tax impact	(676)
Impact of non-controlling interests	(3)
Total	(2,983)

The six months ended June 30, 2024 basis for preparation of statement of non-recurring profit/loss items

In 2023, the CSRC 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) (“2023 Explanatory Announcement No.1”) which became effective on the date of issuance. The Group prepared the six months ended June 30, 2024 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 arise from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to happen frequently that would have an influence on the financial statements users’ making economic decisions based on the financial performance and profitability of an enterprise.

(All amounts in RMB millions unless otherwise stated)

	For the six months ended June 30, 2023
Losses on disposal of non-current assets	(701)
Government grants recognised in the income statement	395
Gains/(Losses) arising from financial assets and financial liabilities not relating to the ordinary course of activities	(792)
Reversal of provisions for bad debts against receivables	541
Other non-operating income and expenses	(2,206)
Other items of profit or loss conforming to the definition of non-recurring profit/loss items	104
	(2,659)
Tax impact	573
Impact of non-controlling interests	(31)
Total	(2,117)

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

2 SIGNIFICANT DIFFERENCES BETWEEN IFRS Accounting Standards AND CAS

The consolidated net profit under IFRS Accounting Standards and CAS were RMB 99,614 and RMB 99,610, respectively, with a difference of RMB 4; the consolidated equity under IFRS Accounting Standards and CAS were RMB 1,677,909 and RMB 1,678,153, respectively, with a difference of RMB 244. 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, 2024 and June 30, 2023

(All amounts in RMB millions unless otherwise stated)

	Notes	Six months ended June 30 2024 RMB	2023 RMB
REVENUE	4	1,553,869	1,479,871
OPERATING EXPENSES			
Purchases, services and other		(1,064,417)	(1,004,823)
Employee compensation costs		(82,039)	(77,798)
Exploration expenses, including exploratory dry holes		(7,942)	(9,098)
Depreciation, depletion and amortisation		(116,569)	(113,017)
Selling, general and administrative expenses		(27,179)	(28,647)
Taxes other than income taxes	5	(134,794)	(130,220)
Other income, net		4,000	4,349
TOTAL OPERATING EXPENSES		(1,428,940)	(1,359,254)
PROFIT FROM OPERATIONS		124,929	120,617
FINANCE COSTS			
Exchange gain		4,976	14,099
Exchange loss		(4,729)	(14,041)
Interest income		4,426	3,597
Interest expense		(10,755)	(12,184)
TOTAL NET FINANCE COSTS		(6,082)	(8,529)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		10,292	9,667
PROFIT BEFORE INCOME TAX EXPENSE	6	129,139	121,755
INCOME TAX EXPENSE	7	(29,525)	(27,176)
PROFIT FOR THE PERIOD		99,614	94,579
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		(135)	79
Currency translation differences		(259)	2,894
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		(603)	3,412
Cash flow hedges		(4,605)	(2,738)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		63	379
OTHER COMPREHENSIVE INCOME, NET OF TAX		(5,539)	4,026
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		94,075	98,605
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		88,611	85,272
Non-controlling interests		11,003	9,307
		99,614	94,579
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		83,397	86,381
Non-controlling interests		10,678	12,224
		94,075	98,605
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB Yuan)	8	0.48	0.47

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, 2024 and December 31, 2023

(All amounts in RMB millions unless otherwise stated)

	Notes	June 30, 2024 RMB	December 31, 2023 RMB
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,491,025	1,521,867
Investments in associates and joint ventures		292,502	280,870
Equity investments measured at fair value through other comprehensive income		686	832
Right-of-use assets		194,195	196,594
Intangible and other non-current assets		86,954	71,708
Deferred tax assets		24,707	18,127
Time deposits with maturities over one year		5,599	3,930
TOTAL NON-CURRENT ASSETS		2,095,668	2,093,928
CURRENT ASSETS			
Inventories	11	182,674	180,533
Accounts receivable	12	90,108	68,761
Derivative financial instruments	19	11,851	16,939
Prepayments and other current assets		128,905	106,805
Financial assets at fair value through other comprehensive income	19	11,142	10,661
Financial assets at fair value through profit or loss		9,895	7,404
Time deposits with maturities over three months but within one year		45,692	18,416
Cash and cash equivalents		192,104	249,001
TOTAL CURRENT ASSETS		672,371	658,520
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	13	407,722	362,155
Contract liabilities		77,862	83,928
Income taxes payable		15,178	11,152
Other taxes payable		63,109	62,763
Short-term borrowings	14	132,687	148,780
Derivative financial instruments	19	7,139	10,729
Lease liabilities		8,259	7,773
Financial liabilities at fair value through profit or loss		4,685	1,727
TOTAL CURRENT LIABILITIES		716,641	689,007
NET CURRENT LIABILITIES		(44,270)	(30,487)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,051,398	2,063,441
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		965,730	919,404
Reserves		340,910	343,738
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,489,661	1,446,163
NON-CONTROLLING INTERESTS		188,248	184,210
TOTAL EQUITY		1,677,909	1,630,373
NON-CURRENT LIABILITIES			
Long-term borrowings	14	81,126	143,198
Asset retirement obligations		146,864	144,299
Lease liabilities		112,170	113,438
Deferred tax liabilities		23,832	23,130
Other long-term obligations		9,497	9,003
TOTAL NON-CURRENT LIABILITIES		373,489	433,068
TOTAL EQUITY AND NON-CURRENT LIABILITIES		2,051,398	2,063,441

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, 2024 and June 30, 2023

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2024	2023
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	99,614	94,579
Adjustments for:		
Income tax expense	29,525	27,176
Depreciation, depletion and amortisation	116,569	113,017
Capitalised exploratory costs charged to expense	2,900	4,884
Safety fund reserve	2,421	2,057
Share of profit of associates and joint ventures	(10,292)	(9,667)
Accrual of provision for impairment of receivables, net	169	(413)
Write down in inventories, net	196	1,445
Impairment of other non-current assets	20	-
Loss on disposal and scrap of property, plant and equipment	825	797
Gain on disposal and scrap of other non-current assets	(109)	(96)
Gain on disposal of subsidiaries	(682)	(91)
Gain from changes in fair value	(8,634)	(1,659)
Dividend income	(13)	(10)
Interest income	(4,426)	(3,597)
Interest expense	10,755	12,184
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(53,343)	(26,217)
Inventories	(2,337)	(1,856)
Accounts payable and accrued liabilities	84,622	45,501
Contract liabilities	(6,066)	(1,723)
CASH FLOWS GENERATED FROM OPERATIONS	261,714	256,311
Income taxes paid	(44,385)	(34,605)
NET CASH FLOWS FROM OPERATING ACTIVITIES	217,329	221,706

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, 2024 and June 30, 2023

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2024	2023
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(117,544)	(111,354)
Acquisition of investments in associates and joint ventures	(1,602)	(1,750)
Acquisition of intangible assets and other non-current assets	(40)	(1,064)
Acquisition of subsidiaries	(12)	(183)
Acquisition of financial assets at fair value through profit or loss	(13)	(3)
Proceeds from disposal of property, plant and equipment	192	105
Proceeds from disposal of other non-current assets	203	295
Proceeds from disposal of investments and investments in associates	708	80
Proceeds from disposal of financial assets at fair value through profit or loss	1	435
Interest received	4,426	2,899
Dividends received	2,341	2,327
Increase in time deposits with maturities over three months	(28,945)	(11,196)
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(140,285)	(119,409)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(327,443)	(361,385)
Repayments of long-term borrowings	(36,294)	(10,048)
Repayments of lease liabilities	(5,253)	(5,786)
Interest paid	(9,854)	(8,194)
Dividends paid to non-controlling interests	(5,143)	(3,006)
Dividends paid to owners of the Company	(37,211)	(35,594)
Increase in short-term borrowings	240,149	327,266
Increase in long-term borrowings	47,554	17,826
Cash contribution from non-controlling interests	489	229
NET CASH FLOWS USED FOR FINANCING ACTIVITIES	(133,006)	(78,692)
TRANSLATION OF FOREIGN CURRENCY	(935)	4,378
(Decrease) / increase in cash and cash equivalents	(56,897)	27,983
Cash and cash equivalents at beginning of the period	249,001	191,190
Cash and cash equivalents at end of the period	192,104	219,173

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, 2024 and June 30, 2023

(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, 2023	183,021	850,285	332,334	1,365,640	168,526	1,534,166
Profit for the six months ended June 30, 2023	-	85,272	-	85,272	9,307	94,579
Other comprehensive income for the six months ended June 30, 2023	-	-	1,109	1,109	2,917	4,026
Special reserve-safety fund reserve	-	-	1,980	1,980	77	2,057
Dividends	-	(40,265)	-	(40,265)	(6,030)	(46,295)
Capital contribution from non-controlling interests	-	-	-	-	385	385
Acquisition of subsidiaries	-	-	-	-	6	6
Disposal of subsidiaries	-	-	-	-	(56)	(56)
Other	-	50	(848)	(798)	(24)	(822)
Balance at June 30, 2023	183,021	895,342	334,575	1,412,938	175,108	1,588,046
Balance at January 1, 2024	183,021	919,404	343,738	1,446,163	184,210	1,630,373
Profit for the six months ended June 30, 2024	-	88,611	-	88,611	11,003	99,614
Other comprehensive income for the six months ended June 30, 2024	-	-	(5,214)	(5,214)	(325)	(5,539)
Special reserve-safety fund reserve	-	-	2,372	2,372	49	2,421
Dividends	-	(42,095)	-	(42,095)	(7,410)	(49,505)
Transaction with non-controlling interests in subsidiaries	-	(196)	(1)	(197)	185	(12)
Capital contribution from non-controlling interests	-	-	-	-	572	572
Acquisition of subsidiaries	-	-	-	-	74	74
Disposal of subsidiaries	-	-	-	-	(105)	(105)
Other	-	6	15	21	(5)	16
Balance at June 30, 2024	183,021	965,730	340,910	1,489,661	188,248	1,677,909

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, 2023, 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 2024 annual financial statements.

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants–Amendments to IAS 1; and

- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

None of these developments have had a material effect on the Group's results and financial position for the current or prior periods which have been prepared or presented in this interim financial statements. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the June 30, 2024 reporting period and have not been early adopted by the Group. The Group is still assessing the impact of these standards, amendments, and interpretations on the current or future reporting periods and on foreseeable future transactions.

The interim financial statements as of June 30, 2024 and for the six months period ended June 30, 2024 and June 30, 2023 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, 2024 are not necessarily indicative of the results of operations expected for the year ending December 31, 2024.

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 interim 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 amortisation 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 amortisation charges. Proved oil and gas reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil, natural gas, refined and chemical products, the operation costs, the product mix, production volumes, production profile and the oil and gas reserves, 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 recognised in prior periods, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in future, the Group may either over or under recognise the impairment losses for certain assets.

(c) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amount of the provision recognised is the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the management plan for the decommissioning of oil and gas properties, the estimation of the economic lives of oil and gas properties and estimates of discount rates. The estimations and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

According to changes in the internal and external environment, accounting standards and the Group's asset retirement expense measures and other relevant regulations, oil and gas field companies recalculate their asset retirement obligations of oil and gas properties based on the latest parameters to more objectively reflect the actual situation of the Group's asset retirement obligation of oil and gas properties.

(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 recognised at a point in time. The revenue information for the periods ended June 30, 2024 and 2023 are as follows:

For the six months ended June 30, 2024 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	307,681	-	401,607	-	-	709,288
Natural gas	79,313	-	193,705	281,371	-	554,389
Refined products	-	508,482	630,295	-	-	1,138,777
Chemical products	-	124,157	26,762	-	-	150,919
Pipeline transportation business	-	-	-	581	-	581
Non-oil sales in gas stations	-	-	15,213	-	-	15,213
Others	62,616	2,845	1,277	15,954	1,581	84,273
Intersegment elimination	(378,608)	(432,759)	(273,274)	(15,483)	(89)	(1,100,213)
Revenue from contracts with customers	71,002	202,725	995,585	282,423	1,492	1,553,227
Other revenue	113	82	267	173	7	642
Total	71,115	202,807	995,852	282,596	1,499	1,553,869
Geographical Region						
China's mainland	32,641	202,725	460,868	282,423	1,492	980,149
Others	38,361	-	534,717	-	-	573,078
Revenue from contracts with customers	71,002	202,725	995,585	282,423	1,492	1,553,227
Other revenue	113	82	267	173	7	642
Total	71,115	202,807	995,852	282,596	1,499	1,553,869

(All amounts in RMB millions unless otherwise stated)

For the six months ended June 30, 2023 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	293,104	-	380,795	-	-	673,899
Natural gas	78,532	-	184,554	259,155	-	522,241
Refined products	-	471,849	614,586	-	-	1,086,435
Chemical products	-	99,785	27,185	-	-	126,970
Pipeline transportation business	-	-	-	515	-	515
Non-oil sales in gas stations	-	-	17,049	-	-	17,049
Others	53,025	3,287	498	16,630	1,244	74,684
Intersegment elimination	(355,390)	(418,608)	(235,988)	(12,676)	(161)	(1,022,823)
Revenue from contracts with customers	69,271	156,313	988,679	263,624	1,083	1,478,970
Other revenue	121	84	643	41	12	901
Total	69,392	156,397	989,322	263,665	1,095	1,479,871
Geographical Region						
China's mainland	34,128	156,313	498,577	263,624	1,083	953,725
Others	35,143	-	490,102	-	-	525,245
Revenue from contracts with customers	69,271	156,313	988,679	263,624	1,083	1,478,970
Other revenue	121	84	643	41	12	901
Total	69,392	156,397	989,322	263,665	1,095	1,479,871

(All amounts in RMB millions unless otherwise stated)

5 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2024	2023
	RMB	RMB
Consumption tax	86,936	88,256
Resource tax	15,396	14,509
Crude oil special gain levy	9,277	6,758
City maintenance and construction tax	8,795	8,820
Educational surcharge	6,519	6,506
Levy for mineral rights concessions (i)	2,164	-
Urban and township land use tax	1,927	1,947
Others	3,780	3,424
	134,794	130,220

(i) 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 PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2024	2023
	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	13	10
Reversal of provision for impairment of receivables	113	549
Reversal of write down in inventories	155	168
Gain on disposal of investment in subsidiaries	682	91
Gain from ineffective portion of cash flow hedges	448	882
Charged		
Amortisation of intangible and other assets	2,020	2,114
Depreciation and impairment losses:		
Property, plant and equipment	106,836	103,517
Right-of-use assets	7,713	7,386
Cost of inventories recognised as expense	1,228,334	1,164,467
Provision for impairment of receivables	282	136
Interest expense (i)	10,755	12,184
Loss on disposal and scrap of property, plant and equipment	825	797
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	1,219	1,062
Research and development expenses	9,657	9,651
Write down in inventories	351	1,613
Investment loss from disposal of derivative financial instruments	9,962	4,279
Impairment of other non-current assets	20	-
(i) Interest expense		
Interest expense	10,978	12,383
Include: Interest on lease liabilities	2,609	2,617
Less: Amount capitalised	(223)	(199)
	10,755	12,184

(All amounts in RMB millions unless otherwise stated)

7 INCOME TAX EXPENSE

	Six months ended June 30	
	2024	2023
	RMB	RMB
Current taxes	35,553	25,740
Deferred taxes	(6,028)	1,436
	29,525	27,176

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%.

OECD Pillar Two model rules

The Group is with the scope of the OECD Pillar Two model rules. 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 with the assistance by the tax specialists for applying of the legislation, the exposure to the Group’s operating results and financial position for the six months ended 30 June 2024 were not material.

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2024 and June 30, 2023 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	
	2024	2023
	RMB	RMB
Interim dividends attributable to owners of the Company for 2024 (a)	40,265	-
Interim dividends attributable to owners of the Company for 2023 (c)	-	38,434

(a) As authorised by shareholders in the Annual General Meeting on June 5, 2024, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2024 of RMB 0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB 40,265 on August 26, 2024. 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 2023 of RMB 0.23 yuan (inclusive of applicable tax) per share, amounting to a total of RMB 42,095, were approved at the 2023 Annual General Meeting held on June 5, 2024 and were paid on June 26, 2024 (A shares) and July 29, 2024 (H shares).

(c) Interim dividends attributable to owners of the Company in respect of 2023 of RMB 0.21 yuan (inclusive of applicable tax) per share, amounting to a total of RMB 38,434, were paid on September 20, 2023 (A shares) and October 30, 2023 (H shares).

(d) Final dividends attributable to owners of the Company in respect of 2022 of RMB 0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB 40,265, were approved at the 2022 Annual General Meeting held on June 8, 2023 and were paid on June 28, 2023 (A shares) and July 28, 2023 (H shares).

(All amounts in RMB millions unless otherwise stated)

10 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2024	4,291,082
Additions	82,434
Disposals or write offs	(12,036)
Currency translation differences	(583)
At June 30, 2024	4,360,897
Accumulated depreciation and impairment	
At January 1, 2024	(2,769,215)
Charge for the period and others	(107,778)
Impairment charge	-
Disposals or write offs	6,906
Currency translation differences	215
At June 30, 2024	(2,869,872)
Net book value	
At June 30, 2024	1,491,025

	RMB
Cost	
At January 1, 2023	4,052,735
Additions	89,524
Disposals or write offs	(13,111)
Currency translation differences	16,822
At June 30, 2023	4,145,970
Accumulated depreciation and impairment	
At January 1, 2023	(2,560,222)
Charge for the period and others	(104,169)
Impairment charge	(16)
Disposals or write offs	2,278
Currency translation differences	(13,117)
At June 30, 2023	(2,675,246)
Net book value	
At June 30, 2023	1,470,724

(All amounts in RMB millions unless otherwise stated)

11 INVENTORIES

	June 30, 2024	December 31, 2023
	RMB	RMB
Crude oil and other raw materials	68,015	62,784
Work in progress	19,009	21,386
Finished goods	98,663	102,041
Spare parts and consumables	140	119
	185,827	186,330
Less: Write down in inventories	(3,153)	(5,797)
	182,674	180,533

12 ACCOUNTS RECEIVABLE

	June 30, 2024	December 31, 2023
	RMB	RMB
Accounts receivable	92,626	71,448
Less: Provision for impairment of accounts receivable	(2,518)	(2,687)
	90,108	68,761

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the date of revenue recognition, at of June 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024	December 31, 2023
	RMB	RMB
Within 1 year	88,098	67,088
Between 1 and 2 years	1,484	1,491
Between 2 and 3 years	481	148
Over 3 years	45	34
	90,108	68,761

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	
	2024	2023
	RMB	RMB
At beginning of the period	2,687	2,889
Provision for impairment of accounts receivable	58	129
Reversal of provision for impairment of accounts receivable	(37)	(509)
Receivables written off as uncollectible and others	(190)	30
At end of the period	2,518	2,539

13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2024	December 31, 2023
	RMB	RMB
Trade payables	168,472	169,664
Salaries and welfare payable	18,890	8,522
Dividends payable	7,621	470
Notes payables	18,348	20,731
Construction fee and equipment cost payables	98,691	119,492
Others (i)	95,700	43,276
	407,722	362,155

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

The aging analysis of trade payables as of June 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024	December 31, 2023
	RMB	RMB
Within 1 year	159,084	159,875
Between 1 and 2 years	2,191	2,644
Between 2 and 3 years	936	842
Over 3 years	6,261	6,303
	168,472	169,664

(All amounts in RMB millions unless otherwise stated)

14 BORROWINGS

	June 30, 2024	December 31, 2023
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	40,594	38,979
Current portion of long-term borrowings	92,093	109,801
	132,687	148,780
Long-term borrowings	81,126	143,198
	213,813	291,978

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2024	291,978
Increase in borrowings	287,703
Repayments in borrowings	(363,737)
Exchange adjustments	(540)
Changes in interest payable	(1,591)
Balance at June 30, 2024	213,813

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, 2024	December 31, 2023
	RMB	RMB
Within 1 year	137,562	160,305
Between 1 and 2 years	26,166	93,927
Between 2 and 5 years	41,222	36,931
After 5 years	25,189	22,961
	230,139	314,124

The fair values of the Group's long-term borrowings including the current portion of long-term borrowings are RMB 170,238 at June 30, 2024 (December 31, 2023: RMB 250,350). 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 3.45% to 5.59% per annum as of June 30, 2024 (December 31, 2023: 3.43% to 5.59%) 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, 2024 and 2023 are as follows:

Six months ended June 30, 2024	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	449,723	635,566	1,269,126	298,079	1,588	2,654,082
Less: Intersegment sales	(378,608)	(432,759)	(273,274)	(15,483)	(89)	(1,100,213)
Revenue from external customers	71,115	202,807	995,852	282,596	1,499	1,553,869
Depreciation, depletion and amortisation	(90,818)	(14,015)	(8,500)	(2,421)	(815)	(116,569)
Including: Impairment losses of property, plant and equipment	-	-	-	-	-	-
Profit / (loss) from operations	91,659	13,629	10,104	16,805	(7,268)	124,929
Finance costs:						
Exchange gain						4,976
Exchange loss						(4,729)
Interest income						4,426
Interest expense						(10,755)
Total net finance costs						(6,082)
Share of profit of associates and joint ventures	2,281	41	899	5,669	1,402	10,292
Profit before income tax expense						129,139
Income tax expense						(29,525)
Profit for the period						99,614
Capital expenditures	67,413	9,666	827	576	460	78,942
June 30, 2024						
Segment assets	1,543,176	563,110	609,885	198,523	1,570,574	4,485,268
Other assets						41,129
Investments in associates and joint ventures	55,784	3,148	18,256	178,921	36,393	292,502
Elimination of intersegment balances (a)						(2,050,860)
Total assets						2,768,039
Segment liabilities	602,184	301,061	370,501	135,304	555,179	1,964,229
Other liabilities						102,119
Elimination of intersegment balances (a)						(976,218)
Total liabilities						1,090,130

PETROCHINA COMPANY LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(All amounts in RMB millions unless otherwise stated)

Six months ended June 30, 2023	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	424,782	575,005	1,225,310	276,341	1,256	2,502,694
Less: Intersegment sales	(355,390)	(418,608)	(235,988)	(12,676)	(161)	(1,022,823)
Revenue from external customers	69,392	156,397	989,322	263,665	1,095	1,479,871
Depreciation, depletion and amortisation	(86,939)	(14,096)	(8,703)	(2,460)	(819)	(113,017)
Including: Impairment losses of property, plant and equipment	-	-	-	(16)	-	(16)
Profit / (loss) from operations	85,515	18,350	10,945	14,120	(8,313)	120,617
Finance costs:						
Exchange gain						14,099
Exchange loss						(14,041)
Interest income						3,597
Interest expense						(12,184)
Total net finance costs						(8,529)
Share of profit / (loss) of associates and joint ventures	2,291	(23)	697	5,559	1,143	9,667
Profit before income tax expense						121,755
Income tax expense						(27,176)
Profit for the period						94,579
Capital expenditures	79,626	3,471	722	988	330	85,137
December 31, 2023						
Segment assets	1,490,035	517,096	613,381	200,258	1,601,964	4,422,734
Other assets						29,744
Investments in associates and joint ventures	50,388	3,154	18,240	173,683	35,405	280,870
Elimination of intersegment balances(a)						(1,980,900)
Total assets						2,752,448
Segment liabilities	591,540	260,787	375,033	148,957	571,825	1,948,142
Other liabilities						97,045
Elimination of intersegment balances(a)						(923,112)
Total liabilities						1,122,075

(All amounts in RMB millions unless otherwise stated)

Geographical information

	Revenue		Non-current assets (b)	
	Six months ended June 30, 2024	Six months ended June 30, 2023	June 30, 2024	December 31, 2023
	RMB	RMB	RMB	RMB
China's mainland	980,790	954,624	1,877,076	1,884,932
Others	573,079	525,247	186,848	184,104
	1,553,869	1,479,871	2,063,924	2,069,036

(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, 2024 and December 31, 2023, 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, 2024, the amounts of asset retirement obligations which have already been reflected in the interim financial statements relating to environmental liability were RMB 146,864 (December 31, 2023: RMB 144,299).

(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, 2024, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB 16,600 (December 31, 2023: RMB 6,050). These capital commitments are transactions mainly with CNPC and its fellow 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 RMB 27 for the six months ended June 30, 2024 (2023: RMB 48).

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

	June 30, 2024	June 30, 2023
	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	175	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 2024 to June 2024 was 82.62% (2023: 82.62%).

(a) Transactions with CNPC and its fellow subsidiaries, associates and joint ventures

The Group has extensive transactions with other companies in CNPC and its fellow 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 fellow 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 fellow 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 Comprehensive Products and Services Agreement on August 27, 2020 for a period of three years effective from January 1, 2021. 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. On August 30, 2023, the Company and CNPC entered into a new Comprehensive Products and Services Agreement on the basis of the Comprehensive Agreement signed in 2020. The New Comprehensive Agreement is valid for 3 years and took effect from January 1, 2024. 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 27, 2020, the Company and CNPC each issued a confirmation letter of 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, 2021. The Company agreed to rent from CNPC and its subsidiaries parcels of land with an aggregate area of approximately 1,142 million square meters with annual rental payable (exclusive of tax and charges) approximately RMB 5,673 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 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 fellow 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 RMB 5,724 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 27, 2020, the Company and CNPC each issued a confirmation letter of the Buildings Leasing Contract, which adjusted the annual rental payable and the area for the leased which took effect on January 1, 2021. Buildings covering an aggregate area of 1,287.5 thousand square meters were leased at annual rental payable approximately RMB 713 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. 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 RMB 893 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 fellow 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 RMB 62,108 for the six months ended June 30, 2024 (2023: RMB 60,863).

- 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 RMB 3,593 for the six months ended June 30, 2024 (2023: RMB 3,469).

- 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 RMB 192,133 for the six months ended June 30, 2024 (2023: RMB 182,504).

- Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB 769 for the six months ended June 30, 2024 (2023: RMB 458).

- Interest income represents interest from deposits placed with CNPC and its fellow subsidiaries. The total interest income amounted to RMB 840 for the six months ended June 30, 2024 (2023: RMB 405). The balance of deposits at June 30, 2024 was RMB 71,583 (December 31, 2023: RMB 54,142).

- Interest expense and other financial service expense, principally represents interest charged on the loans from CNPC and its fellow subsidiaries, insurance fee charged on the insurance services from CNPC and its fellow subsidiaries, etc. The total amount of these transactions amounted to RMB 2,983 for the six months ended June 30, 2024 (2023: RMB 2,945).

- The borrowings from CNPC and its fellow subsidiaries at 30 June, 2024 were RMB 128,604 (December 31, 2023: RMB 148,514).

- Rents and other payments paid to CNPC and its fellow 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 fellow subsidiaries. The total rents and other payments amounted to RMB 3,066 for the six months ended June 30, 2024 (2023: RMB 3,216).

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

	June 30, 2024	December 31, 2023
	RMB	RMB
Accounts receivable	7,449	4,626
Prepayments and other current assets	33,343	21,450
Intangible and other non-current assets	30,216	16,268
Accounts payable and accrued liabilities	58,168	48,386
Contract liabilities	1,196	1,508
Lease liabilities	96,616	96,003

(b) Key management compensation

	Six months ended June 30	
	2024	2023
	RMB'000	RMB'000
Emoluments and other benefits	5,922	5,162
Contribution to retirement benefit scheme	1,474	1,271
	7,396	6,433

(c) Transactions with other state-controlled entities in the PRC

Apart from the transactions with CNPC and its fellow 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, 2024 and December 31, 2023 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 fair value through profit or loss ("FVTPL"), derivative financial instruments and fair value through other comprehensive income ("FVOCI") are measured at fair value on the balance sheet 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, 2024, 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	6,082	3,813	-	9,895
Derivative financial instruments :				
– Derivative financial assets	2,216	9,635	-	11,851
Financial assets at fair value through other comprehensive income:				
– Bills receivable	-	-	11,142	11,142
– Equity investments	344	-	342	686
	8,642	13,448	11,484	33,574
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Financial liabilities at fair value through profit or loss	-	4,685	-	4,685
Derivative financial instruments :				
– Derivative financial liabilities	444	6,695	-	7,139
	444	11,380	-	11,824

(All amounts in RMB millions unless otherwise stated)

As of December 31, 2023, 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	6,788	616	-	7,404
Derivative financial instruments :				
– Derivative financial assets	2,900	14,039	-	16,939
Financial assets at fair value through other comprehensive income:				
– Bills receivable	-	-	10,661	10,661
– Equity investments	501	-	331	832
	10,189	14,655	10,992	35,836
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Financial liabilities at fair value through profit or loss	-	1,727	-	1,727
Derivative financial instruments :				
– Derivative financial liabilities	1,025	9,704	-	10,729
	1,025	11,431	-	12,456

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.

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. Huang Yongzhang, 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.

CONFIRMATION FROM THE DIRECTORS, SUPERVISORS 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, Supervisors and senior management of PetroChina Company Limited, we have carefully reviewed the interim report for 2024 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, Supervisors and senior management:

Dai Houliang	Hou Qijun	Duan Liangwei	Huang Yongzhang	Ren Lixin
Xie Jun	Zhang Daowei	Cai Jinyong	Jiang, Simon X.	Zhang Laibin
Hung Lo Shan Lusan	Ho Kevin King Lun	Zhou Song	Xie Haibing	Zhao Ying
Cai Yong	Jiang Shangjun	Li Zhanming	Jin Yanjiang	Fang Qing
Wang Binquan	Zhu Guowen	Wan Jun	Wang Hua	Li Ruxin
He Jiangchuan	Jiang Tongwen	Yang Weisheng	Shen Fuxiao	

August 26, 2024

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.

PetroChina

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