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中国石油天然气股份有限公司  
PetroChina Company Limited

# 中國石油天然氣股份有限公司 PETROCHINA COMPANY LIMITED

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

(Hong Kong Stock Exchange Stock Code: 857;

Shanghai Stock Exchange Stock Code: 601857)

## **RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023 (SUMMARY OF THE 2023 ANNUAL REPORT)**

### **1 Important Notice**

**1.1** This Results Announcement is a summary of the full version of the 2023 Annual Report. To get a full understanding of the operating results, financial position and future development plans of PetroChina Company Limited (the “Company”), investors should read the full version of the 2023 Annual Report carefully. The full version of the 2023 Annual Report is published on the websites of the Shanghai Stock Exchange (website: <http://www.sse.com.cn>), “HKExnews” of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (website: <http://www.hkexnews.hk>) and the Company (website: <http://www.petrochina.com.cn>).

**1.2** The board of directors of the Company (the “Board” or “Board of Directors”), the supervisory committee of the Company (the “Supervisory Committee”) and all the directors (the “Directors”), supervisors (the “Supervisors”) and senior management of the Company warrant the truthfulness, accuracy and completeness of the information contained in the annual report and that there are no misrepresentation, misleading statements contained in, or material omissions from, the annual report, and jointly and severally accept full responsibility thereof.

**1.3** Except that Mr. Hou Qijun, the vice chairman and non-executive Director of the Company, and Mr. Duan Liangwei, a non-executive Director, were absent from the meeting due to work arrangement, other members of the Board have attended the sixth meeting of the ninth session of the Board.

**1.4** The financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with China Accounting Standards (“CAS”) and IFRS Accounting Standards, respectively. The financial statements of the Group for 2023, which have been prepared in accordance with CAS and IFRS Accounting Standards, have been audited by

PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, respectively. Both firms have issued unqualified opinions on the financial statements.

## 1.5 Corporate Information

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 中國石油天然氣集團公司 having been changed into 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, transmission and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas.

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 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).

<b>Stock name</b>	PetroChina	PetroChina
<b>Stock code</b>	857	601857
<b>Place of listing</b>	Hong Kong Stock Exchange	Shanghai Stock Exchange

<b>Contact persons and means of communication</b>	Secretary to the Board of Directors	Representative on Securities Matters	Chief Representative of the Hong Kong Representative Office
<b>Name</b>	Wang Hua	Liang Gang	Wei Fang
<b>Address</b>	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC	Suite 3705, Tower 2, Lippo Centre, 89 Queensway, Hong Kong, PRC
<b>Postal code</b>	100007	100007	
<b>Telephone</b>	86 (10) 5998 2622	86 (10) 5998 2622	(852) 2899 2010
<b>Facsimile</b>	86 (10) 6209 9557	86 (10)6209 9557	(852) 2899 2390
<b>Email address</b>	ir@petrochina.com.cn	ir@petrochina.com.cn	hko@petrochina.com.hk

**1.6** In overall view of the operating results, financial position and cash flow, to procure return for the shareholders, the sixth meeting of the ninth session of the Board recommends a final cash dividend of RMB0.23 (inclusive of applicable tax) per share for 2023 to all shareholders, based on the total share capital of the Company as at December 31, 2023, namely 183,020,977,818 shares. The total amount of cash dividend reaches approximately RMB42.095 billion. The proposed final dividends are subject to shareholders’ review and approval at the forthcoming 2023 annual general meeting.

## 2 Key Financial Data and Changes in Shareholders

### 2.1 Key Financial Data Prepared under IFRS Accounting Standards

RMB million

Items	For the year 2023	For the year 2022 (after retrospective adjustments) <sup>(a)</sup>	For the year 2022 (before retrospective adjustments)	Changes from the preceding year to this year (%)	For the year 2021 (after retrospective adjustments) <sup>(a)</sup>	For the year 2021 (before retrospective adjustments)
Revenue	3,011,012	3,239,167	3,239,167	(7.0)	2,614,349	2,614,349
Profit attributable to owners of the Company	161,146	148,743	149,380	8.3	92,078	92,170
Net cash flows from operating activities	456,596	393,768	393,768	16.0	341,469	341,469
Basic earnings per share (RMB)	0.88	0.81	0.82	8.3	0.50	0.50
Diluted earnings per share (RMB)	0.88	0.81	0.82	8.3	0.50	0.50
Return on net assets (%)	11.1	10.9	10.9	0.2 percentage point	7.3	7.3
Items	As at the end of 2023	As at the end of 2022 (after retrospective adjustments) <sup>(a)</sup>	As at the end of 2022 (before retrospective adjustments)	Changes from the end of the preceding year to the end of this year (%)	As at the end of 2021 (after retrospective adjustments) <sup>(a)</sup>	As at the end of 2021 (before retrospective adjustments)
Total assets	2,752,448	2,670,400	2,673,485	3.1	2,502,651	2,502,262
Equity attributable to owners of the Company	1,446,163	1,365,617	1,369,327	5.9	1,260,488	1,263,561

## 2.2 Key Financial Data Prepared under CAS

RMB million

Items	For the year 2023	For the year 2022 (after retrospective adjustments) <sup>(a)</sup>	For the year 2022 (before retrospective adjustments)	Changes from the preceding year to this year (%)	For the year 2021 (after retrospective adjustments) <sup>(a)</sup>	For the year 2021 (before retrospective adjustments)
Operating income	3,011,012	3,239,167	3,239,167	(7.0)	2,614,349	2,614,349
Operating profit	253,024	242,564	242,564	4.3	182,180	182,180
Net profit attributable to shareholders of the Company	161,144	148,738	149,375	8.3	92,069	92,161
Net profit after deducting non-recurring profit/loss items attributable to shareholders of the Company	187,130	170,260	170,897	9.9	99,439	99,531
Net cash flows from operating activities	456,596	393,768	393,768	16.0	341,469	341,469
Weighted average returns on net assets (%)	11.4	11.3	11.3	0.1 percentage point	7.4	7.4
Total share capital at the end of the period (hundred million share)	1,830.21	1,830.21	1,830.21	-	1,830.21	1,830.21
Basic earnings per share (RMB)	0.88	0.81	0.82	8.3	0.50	0.50
Diluted earnings per share (RMB)	0.88	0.81	0.82	8.3	0.50	0.50

Items	As at the end of 2023	As at the end of 2022 (after retrospective adjustments) <sup>(a)</sup>	As at the end of 2022 (before retrospective adjustments)	Changes from the end of the preceding year to the end of this year (%)	As at the end of 2021 (after retrospective adjustments) <sup>(a)</sup>	As at the end of 2021 (before retrospective adjustments)
Total assets	2,752,710	2,670,666	2,673,751	3.1	2,502,922	2,502,533
Equity attributable to owners of the Company	1,446,410	1,365,866	1,369,576	5.9	1,260,742	1,263,815

RMB million

Items	First Quarter 2023	Second Quarter 2023	Third Quarter 2023	Fourth Quarter 2023
Operating income	732,471	747,400	802,264	728,877
Net profit attributable to shareholders of the Company	43,630	41,646	46,375	29,493
Net profit after deducting non-recurring profit/loss items attributable to shareholders of the Company	44,121	43,272	47,169	52,568
Net cash flows from operating activities	126,382	95,324	119,294	115,596

(a) According to the Notice on Issuing Interpretation of Accounting Standards for Business Enterprises No. 16 (“Interpretation No.16”) promulgated by the PRC Ministry of Finance and Amendments to International Accounting Standard 12 Income Tax, the Group and the Company have made retrospective adjustments in relation to relevant financial data for the compared period. For details, please refer to “5.1 Explanation for Changes in Accounting Policy, Accounting Estimate or Recognition Policy as Compared with those for Last Annual Report” in this results announcement. Relevant financial data in the following part of this announcement refer to the data after retrospective adjustments.

## 2.3 Number of Shareholders and Shareholdings

The number of shareholders of the Company as at December 31, 2023 was 479,245, consisting of 473,714 holders of A shares and 5,531 registered holders of H shares. The minimum public float requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and Stock Listing Rules of the Shanghai Stock Exchange are satisfied.

Number of shareholders as at the end of 2023	479,245	Number of shareholders as at the end of one month preceding publication of this announcement (i.e. as at February 29, 2024)	479,694		
<b>Shareholdings of the top ten shareholders as at the end of 2023</b>					
Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Number of shares held	Number of shares with selling restrictions	Number of shares pledged, marked or subject to lock-ups
CNPC	State-owned legal person	82.46	150,923,565,570 <sup>(1)</sup>	0	0
HKSCC Nominees Limited <sup>(2)</sup>	Overseas legal person	11.42	20,907,565,976 <sup>(3)</sup>	0	0
China Petrochemical Corporation	State-owned legal person	1.00	1,830,210,000	0	0
Hong Kong Securities Clearing Company Limited <sup>(4)</sup>	Overseas legal person	0.66	1,205,844,633	0	0
China Securities Finance Corporation Limited	State-owned legal person	0.56	1,020,165,128	0	0
China Metallurgical Group Corporation	State-owned legal person	0.31	560,000,000	0	0
Central Huijin Asset Management Ltd.	State-owned legal person	0.11	201,695,000	0	0
China Reform Investment Co., Ltd.	State-owned legal person	0.10	190,822,799	0	0
Bosera Fund - Ansteel Group Corporation – Bosera Fund Xin’an No.1 Single Asset Management Plan	State-owned legal person	0.09	172,052,500	0	0
Bank of Communication Co., Ltd. - E Fund SSE 50 Index Enhanced Securities Investment Fund	Others	0.08	150,323,301	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. During the Reporting Period, CNPC has completed the delisting of the 2018 exchangeable corporate bonds and the procedures for the release of the registration of pledge and trust of the above exchangeable corporate bonds, and transferred the remaining unexchanged stocks from 18 CNPC EB Special Account into CNPC’s security account. For details, please refer to the announcements published by the Company on the Shanghai Stock Exchange website (Announcement Nos. Lin 2023-003 and Lin 2023-004) and the announcements published on the website of the Hong Kong Stock Exchange on February 17, 2023 and March 3, 2023.

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

(3) 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.

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 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 securities margin trading and refinancing by the above-mentioned shareholders during the Reporting Period: The above-mentioned shareholders did not involve in securities margin trading and refinancing during the Reporting Period; there was no change in the above-mentioned shareholders since the end of third quarter of 2023.

## 2.4 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance of Hong Kong

As at December 31, 2023, 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 are as follows:

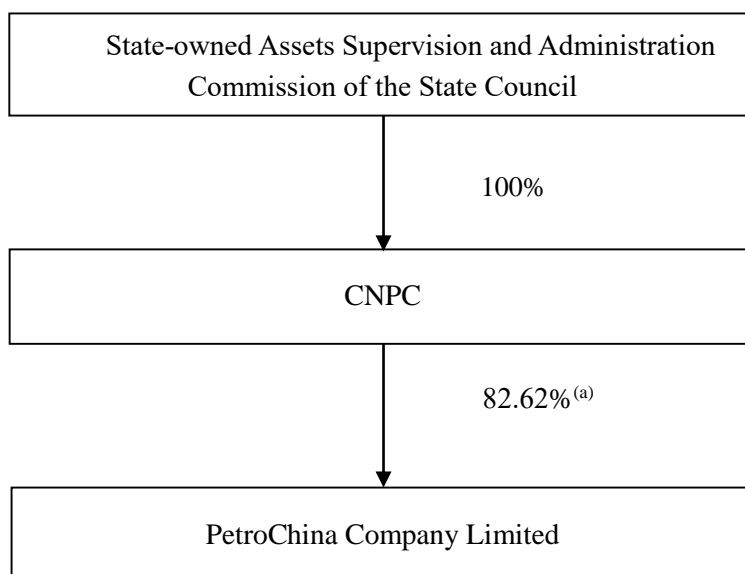
Name of shareholders	Nature of share holding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
	A Shares	150,923,565,570 (L)	Beneficial Owner	93.21	82.46
CNPC	H Shares	291,518,000 (L) <sup>(1)</sup>	Interest of Corporation Controlled by the Substantial Shareholder	1.38	0.16
BlackRock, Inc. <sup>(2)</sup>	H Shares	1,472,617,558 (L)	Interest of Corporation Controlled by the Substantial Shareholder	6.98	0.80

(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, of which 1,472,617,558 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial shareholder including 12,690,000 underlying shares through its holding of certain unlisted derivatives (cash settled).

As at December 31, 2023, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

## 2.5 Ownership and Controlling Relationship between the Company and its Ultimate Controller



*(a) Such figure includes the 291,518,000 H shares held by CNPC through its overseas wholly-owned subsidiary, Fairy King Investments Limited.*



## 2.6 Bond Issued But Not Yet Overdue

RMB 100 million

Bond Name	Abbreviation	Code	Issue Date	Value Date	Due Date	Bond Balance	Rate (%)
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
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
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
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
2019 Fifth Tranche Medium-term Notes	19 PetroChina MTN005	101900586.IB	2019-04-22	2019-04-23	2024-04-23	100	3.96
2022 First Tranche Medium-term Green Note	22 PetroChina GN001	132280041.IB	2022-04-27	2022-04-28	2025-04-28	5	2.26
2022 Second Tranche Medium-term Green Note	22 PetroChina GN002	132280055.IB	2022-06-15	2022-06-16	2025-06-16	20	2.19

### Interest Payment and Redemption of Bond

For the year ended December 31, 2023 (the “Reporting Period”), the principal and interest of 13 PetroChina 02, 20 PetroChina MTN001 and 20 PetroChina MTN002 were duly paid; the interest of 12 PetroChina 03, 16 PetroChina 02, 16 PetroChina 04, 16 PetroChina 06, 19 PetroChina MTN005, 22 PetroChina GN001 and 22 PetroChina GN002 were duly paid.

From the beginning of the Reporting Period to the date of this announcement, the principal and interest of 19 PetroChina MTN001, 19 PetroChina MTN002, 19 PetroChina MTN003 and 19 PetroChina MTN004 were duly paid.

### Information on Follow-up Credit Rating of Bonds

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

### Indicators Reflecting the Solvency of the Issuer

Main Indicator	As at the end of 2023	As at the end of 2022
Asset-liability Ratio (%)	40.76	42.55

Main Indicator	2023	2022
Debt-to-EBIDTA Ratio	1.67	1.39
EBITDA Interest Protection Multiples	35.86	38.25

### Note on Overdue Debts

Applicable     Not Applicable

### **3 Directors' Report**

#### **3.1 Discussion and Analysis of Operations**

In 2023, the world economy experienced a slow recovery, with varying speeds of development among different economies; the PRC economy continued to improve, with a year-on-year increase of 5.2% in the gross domestic product (“GDP”). The international crude oil market remained generally loose in terms of supply and demand, and the international crude oil prices remained fluctuating at medium and high levels throughout the year, with a significant decrease for the average prices compared to the same period of the previous year. The domestic demand for refined products experienced a recovery growth, and the consumption in the natural gas market increased rapidly.

Seizing the favorable opportunities of recovery of the development of the domestic economy and growing demand in the oil and gas market, the Group implemented the requirements for high-quality development, vigorously strengthened oil and gas exploration and development, continued to promote increased reserves and production, and solidified the foundation for the Company's development. The Group further enhanced the transformation and upgrading of refining business, continuously optimized the product structure, and increased the proportion of high-end and high-profitability products. It also strenuously increased marketing efforts, striving to achieve both volume and profitability growth. The Group steadily implemented green and low carbon transformation, and the development of new energy and new materials businesses showed significant acceleration. It continued to strengthen the initiative on environmental, social and governance (ESG) in order to enhance the Company's long-term sustainable development capabilities. The Group implemented activities to improve quality and profitability, continuously enhancing the quality and profitability of the Company's development. In 2023, the average realized price for crude oil of the Group was USD76.60 per barrel, representing a decrease of 16.8% as compared with USD92.12 per barrel for last year. It achieved RMB3,011.012 billion in revenue, representing a decrease of 7.0% as compared with RMB3,239.167 billion for last year, in which the decrease of revenue was less than the decrease of oil prices; and the profit attributable to owners of the Company was RMB161.146 billion, representing an increase of 8.3% as compared with RMB148.743 billion for last year, reaching a historical high; the Group realized free cash flows of RMB176.122 billion, representing an increase of 17.1% as compared with RMB150.419 billion for last year, reaching a historical high; the structure of assets and liabilities was further optimized, and the financial position of the Group remained stable.

##### **3.1.1 Market Review**

###### *(1) Crude Oil Market*

In 2023, global petroleum demand gradually recovered, the market's supply and demand remained overall loose, the geopolitical impact gradually weakened, and the international oil prices decreased as compared with last year. The annual average spot price of North Sea Brent crude oil was USD82.64 per barrel, representing a decrease of 18.4% as compared with last year; the annual average spot price of West Texas Intermediate crude oil was USD77.67 per barrel, representing a decrease of 17.8% compared with last year.

Statistics from the National Bureau of Statistics showed that the domestic production of crude oil was 209.026 million tons in 2023, representing an increase of 2.1% as compared with last year.

#### *(2) Refined Products Market*

In 2023, benefiting from the steady recovery of the PRC economy, the domestic refined products market recovered significantly, and the supply and demand generally showed a relaxed pattern. Regulatory efforts in the industry continued, and the competition in the refined products market was continuously regulated.

Statistics from the National Bureau of Statistics showed that in 2023, the domestic processing volume of crude oil of industries above designated size was 734.78 million tons, representing an increase of 9.3% as compared with last year. The price trend of domestic refined products remained consistent with the changes in the international oil prices. The PRC adjusted the domestic prices of gasoline and diesel 22 times in 2023. The prices of gasoline and diesel standard products decreased, in aggregate, by RMB50 per ton, respectively.

#### *(3) Chemical Products Market*

In 2023, the demand for chemical products in the market experienced a slow recovery, while the supply grew rapidly. The chemical products market remained in a period of downturn of the business cycle. Prices of key products of the domestic chemical products market decreased as compared with last year, and a majority of the chemical products continued to experience historical low profit margins.

#### *(4) Natural Gas Market*

In 2023, the global natural gas market experienced a slow recovery, and the basic factors of supply and demand tended to be loose. The gas prices in major markets experienced a significant decline, but they were also disturbed by geopolitical and supply chain risks, causing wide and high-frequent fluctuations in gas prices. Benefiting from factors such as the steady recovery of the PRC economy, national natural gas consumption showed positive signs of recovery.

Statistics from National Bureau of Statistics and National Development and Reform Commission of the PRC showed that in 2023, the output of domestic natural gas was 232.43 billion cubic meters, representing an increase of 5.6% as compared with last year; the import volume of natural gas was 119.97 million tons, representing an increase of 9.9% as compared with last year; and the apparent consumption of natural gas was 394.53 billion cubic meters, representing an increase of 7.6% as compared with last year.

### **3.1.2 Business Review**

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

##### **Domestic Oil and Gas**

In 2023, the Group promoted high-efficient exploration in domestic oil and gas business, striving to enhance economically recoverable reserves. Significant breakthroughs and important discoveries were achieved in key basins such as Ordos, Tarim, Sichuan and Bohai Bay. The drilling of two scientific exploration wells, namely Shenditake-1 (深地塔科 1 井) and ShendiChuanke-1 (深地川科 1 井), both with a depth of over ten thousand meters, was successfully carried out. The Group strengthened the stable output of old oil and gas fields and pursued profitable production in new areas. Crude oil production remained stable with increases, while natural gas production continued to grow rapidly, leading to a sustained increase in the proportion of natural gas production in our overall oil and gas production. In 2023, the domestic oil and gas business achieved crude oil output of 773.7 million barrels, representing an increase of 0.8% as compared with 767.4 million barrels for last year, the marketable natural gas output of 4,739.0 billion cubic feet, representing an increase of 6.0% as compared with 4,471.3 billion cubic feet for last year, and the oil and natural gas equivalent output of 1,563.5 million barrels, representing an increase of 3.4% as compared with 1,512.6 million barrels for last year.

##### **Overseas Oil and Gas**

In 2023, the Group strengthened its concentrated exploration in overseas oil and gas business and achieved new discoveries in the Doseo Basin in Chad and the eastern margin of Pre-Caspian Basin. Emphasis was placed on optimizing production organization and promoting profitable oil and gas development. The Group actively participated in the “Belt and Road Initiative”, completing the North Field Expansion Project in Qatar (卡塔爾北方氣田擴容項目) and signing the agreement on the transfer of operating rights for the West Qurna-1 oilfield in Iraq (伊拉克西古爾納 1 項目). The business structure, assets structure, and regional layout of the overseas oil and gas business were continuously optimized. In 2023, the crude oil output from overseas oil and gas business amounted to 163.4 million barrels, representing an increase of 17.7% as compared with 138.8 million barrels for last year; the output of marketable natural gas amounted to 193.4 billion cubic feet, representing a decrease of 5.1% as compared with 203.7 billion cubic feet for last year; and the oil and natural gas equivalent output was 195.7 million barrels, representing an increase of 13.2% as compared with 172.8 million barrels for last year, accounting for 11.1% of the oil and natural gas equivalent output of the Group.

In 2023, the Group’s crude oil output amounted to 937.1 million barrels, representing an increase of 3.4% as compared with 906.2 million barrels for last year. The marketable natural gas output reached 4,932.4 billion cubic feet, representing an increase of 5.5% as compared with 4,675.0 billion cubic feet for last year. The oil and natural gas equivalent output amounted to 1,759.2 million barrels, representing an increase of 4.4% as compared with 1,685.4 million barrels for last year. As at the end of the Reporting Period, the total area to which the Group had the right of prospecting and mining of oil and natural gas (including coalbed methane) amounted to 235.5 million acres, among which the area of prospecting was 192.6 million acres and the area of mining

was 42.9 million acres. The net number of wells in the process of being drilled was 278. The number of multi-completed wells during the Reporting Period was 4,870.

### New Energy

The Group's new energy business has achieved large-scale and leapfrog development. The Group actively promoted the implementation of new energy projects in Xinjiang, Qinghai, Jilin, Heilongjiang and other regions. In 2023, the Group's wind power and photovoltaic power generation was 2.2 billion kilowatt-hours, added 3.7 million kilowatts of wind and photovoltaic power installations; the cumulative geothermal heating areas exceeded 35 million square meters, and the newly signed geothermal heating contracts covered areas of over 40 million square meters; the total high-purity hydrogen capacity reached 6,600 tons per year. The Tarim Oilfield has completed a 1.1 million kilowatt photovoltaic power station, the Huabei Oilfield has completed the first medium and deep-level geothermal heating project in Beijing, and the Yumen Oilfield has completed an electrolysis water hydrogen production project. The total capacity of new energy developed and utilized amounted to 11.5 million tons of standard coal per year; carbon capture, utilization and storage (CCUS) has injected 1.592 million tons of carbon dioxide.

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

	Unit	2023	2022	Year-on-year change (%)
Crude oil output <sup>(a)</sup>	Million barrels	937.1	906.2	3.4
of which: domestic	Million barrels	773.7	767.4	0.8
overseas	Million barrels	163.4	138.8	17.7
Marketable natural gas output <sup>(a)</sup>	Billion cubic feet	4,932.4	4,675.0	5.5
of which: domestic	Billion cubic feet	4,739.0	4,471.3	6.0
overseas	Billion cubic feet	193.4	203.7	(5.1)
Oil and natural gas equivalent output	Million barrels	1,759.2	1,685.4	4.4
of which: domestic	Million barrels	1,563.5	1,512.6	3.4
overseas	Million barrels	195.7	172.8	13.2
Proved reserves of crude oil	Million barrels	6,219	6,418	(3.1)
Proved reserves of natural gas	Billion cubic feet	72,794	73,453	(0.9)
Proved developed reserves of crude oil	Million barrels	5,240	5,574	(6.0)
Proved developed reserves of natural gas	Billion cubic feet	41,381	41,508	(0.3)

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

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

In 2023, the Group's refining, chemicals and new materials business seized the favourable opportunity of market recovery, fully increased processing capacity, continuously optimized product structure, and constantly improved the proportion of featured refined products and high-end chemical products. The production of petroleum coke, lubricating oil base, and chemical new materials experienced a significant increase, while the output of ethylene and para-xylene (PX) products continued to increase. The Group adhered to the development strategy of "foundation + high-end", optimized operational mechanisms and marketing models, fully leveraged the "PetroChina e-Chemical" Platform, and intensified the marketing efforts of chemical products. The Group further promoted transformation and upgrading, and the construction of key projects

were advanced in an orderly manner. The Guangdong Petrochemical Company's integration project of refining and chemicals was successfully put into commercial operation, and 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 steadily advanced. In 2023, the Group processed 1,398.8 million barrels of crude oil, representing an increase of 15.3% as compared with 1,212.7 million barrels of crude oil for last year, among which 697.7 million barrels of crude oil were from the Group's oil and gas business, accounting for 49.9% of the total amount and showing good synergic effects; the Group produced 122.736 million tons of refined products, representing an increase of 16.5% as compared with 105.354 million tons of refined products for last year; the volume of chemical products output of the Group was 34.308 million tons, representing an increase of 8.7% as compared with last year; the output of ethylene and synthetic resin increased by 7.8% and 8.3%, respectively, as compared with last year; the volume of chemical new materials output of the Group was 1.37 million tons, representing an increase of 60.0% as compared with last year.

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

	Unit	2023	2022	Year-on-year change (%)
Processed crude oil <sup>(a)</sup>	Million barrels	1,398.8	1,212.7	15.3
Gasoline, kerosene and diesel output	'000 tons	122,736	105,354	16.5
of which: Gasoline	'000 tons	49,776	43,514	14.4
Kerosene <sup>(b)</sup>	'000 tons	14,561	8,192	77.7
Diesel	'000 tons	58,399	53,648	8.9
Crude oil processing load	%	85.6	80.9	4.7 percentage points
Light products yield	%	76.1	76.5	(0.4) percentage point
Refining yield	%	93.4	93.9	(0.5) percentage point
Ethylene	'000 tons	8,001	7,419	7.8
Synthetic Resin	'000 tons	12,579	11,620	8.3
Synthetic fiber materials and polymers	'000 tons	1,098	1,099	(0.1)
Synthetic rubber	'000 tons	966	1,044	(7.5)
Urea	'000 tons	2,300	2,549	(9.8)

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

(b) The relatively larger increase in kerosene output was mainly due to the significant increase in demand for aviation kerosene as the air travel market recovered in 2023.

### (3) Marketing

#### Domestic Operations

In 2023, the Group strengthened the coordination between production and sales in domestic sales operations, optimized resource allocation, and ensured the smooth operation of the crude oil industry chain. The Group innovated the integrated operation mode of wholesale and retail, made efforts to increase the sales volume and market share of refined products, and continuously enhanced marketing profitability. The Group steadily promoted the green and low-carbon transformation of terminal sales operations, successfully acquired Potevio New Energy Co., Ltd,

and actively carried out construction layout for hydrogen refuelling stations, charging and swapping stations, photovoltaic stations and others. The Group vigorously developed non-oil business, resulting in a substantial increase in gross profit from non-oil business.

### International Trading Operations

In 2023, the Group continued to improve the business layout and network construction of international trading operations, optimized the export of refined products and chemical products, and made efforts to maximize the value of the industrial chain.

In 2023, the sales volume of gasoline, kerosene and diesel of the Group reached a total of 165.798 million tons, representing an increase of 10.1% as compared with 150.649 million tons for last year, among which, the domestic sales of gasoline, kerosene and diesel were 123.386 million tons, representing an increase of 17.3% as compared with 105.164 million tons for last year.

### Key Figures for the Marketing Segment

	Unit	2023	2022	Year-on-year change (%)
Total sales volume of gasoline, kerosene and diesel	'000 tons	165,798	150,649	10.1
of which: Gasoline	'000 tons	67,136	58,209	15.3
Kerosene <sup>(a)</sup>	'000 tons	18,962	13,678	38.6
Diesel	'000 tons	79,700	78,762	1.2
Domestic sales volume of gasoline, kerosene and diesel	'000 tons	123,386	105,164	17.3
of which: Gasoline	'000 tons	51,541	44,284	16.4
Kerosene <sup>(a)</sup>	'000 tons	9,955	5,467	82.1
Diesel	'000 tons	61,890	55,413	11.7
Market share in domestic retail market	%	36.6	34.4	2.2 percentage points
Sales volume per service station	Tons/day	9.57	7.79	22.8

(a) The relatively larger increase in the sales volume of kerosene was mainly due to the significant increase in demand for aviation kerosene as the air travel market recovered in 2023.

	Unit	December 31, 2023	December 31, 2022	Year-on-year change (%)
Number of gas stations	Units	22,755	22,586	0.7
Among which:				
Self-operated gas stations	Units	20,367	20,564	(1.0)
Number of convenience stores	Units	19,583	20,600	(4.9)



#### *(4) Natural Gas Sales*

In 2023, the Group continued to optimize the natural gas sales business by enhancing the import gas resource pool, reasonably arranging the pace of natural gas imports, and effectively controlling the cost of imported natural gas. The Group continuously optimized resource allocation and increased efforts in developing high-end, high-profitability markets and terminal markets. The Group adopted proactive marketing strategies and made efforts to enhance the quality and profitability of marketing.

In 2023, the Group sold 273.548 billion cubic metres of natural gas, representing an increase of 5.1% as compared with 260.284 billion cubic metres for last year, among which 219.757 billion cubic metres were sold in the domestic market, representing an increase of 6.1% as compared with 207.096 billion cubic metres for last year.

### **3.1.3 Review of Operating Results**

The following discussions and analysis should be read in conjunction with the audited financial statements of the Group and the notes set out thereto in the annual report and other sections hereof. The financial data set out below is extracted from the audited financial statements of the Group prepared under IFRS Accounting Standards.

#### **(1) Consolidated Operating Results**

In 2023, the Group achieved a revenue of RMB3,011.012 billion, representing a decrease of 7.0% as compared with RMB3,239.167 billion for last year; profit attributable to owners of the Company was RMB161.146 billion, representing an increase of 8.3% as compared with RMB148.743 billion for last year; basic earnings per share were RMB0.88, representing an increase of RMB0.07 as compared with RMB0.81 for last year.

**Revenue** The revenue of the Group was RMB3,011.012 billion for 2023, representing a decrease of 7.0% as compared with RMB3,239.167 billion for last year. This was primarily due to the combined effect of the decrease in the prices and increase in sales volume of the oil and gas products such as crude oil and natural gas. The table below sets out external sales volume and average realized prices for major products sold by the Group in 2023 and 2022 and their respective percentage of change:

	Sales Volume ('000 ton)			Average Realized Price (RMB/ton)		
	2023	2022	Percentage of Change (%)	2023	2022	Percentage of Change (%)
Crude oil <sup>(a)</sup>	149,936	125,625	19.4	4,030	4,645	(13.2)
Natural gas (hundred million cubic meters, RMB/'000 cubic meter) <sup>(b)</sup>	2,735.48	2,602.84	5.1	2,076	2,684	(22.7)
Gasoline	67,136	58,209	15.3	8,205	8,686	(5.5)
Diesel	79,699	78,762	1.2	7,064	7,861	(10.1)
Kerosene	18,962	13,678	38.6	5,982	6,771	(11.7)
Polyethylene	6,001	6,455	(7.0)	7,398	7,807	(5.2)
Polypropylene	3,700	4,007	(7.7)	6,838	7,488	(8.7)
Lubricant	1,659	1,132	46.6	8,853	9,149	(3.2)

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

(b) The natural gas listed above represents all the external sales volume of natural gas of the Group. The decrease in average realized prices was mainly due to a significant decrease in overseas re-export trade prices.

**Operating Expenses** Operating expenses for 2023 was RMB2,775.546 billion, representing a decrease of 8.2% as compared with RMB3,022.507 billion for last year, among which:

**Purchases, Services and Other** Purchases, services and other for 2023 was RMB1,972.940 billion, representing a decrease of 10.9% as compared with RMB2,213.080 billion for last year. This was primarily due to the decrease of expenses for purchasing oil and gas products and trading expenses.

**Employee Compensation Costs** Employee compensation costs (including salaries of employees and cost of various market-oriented temporary and seasonal contractors, social insurance, housing provident fund, training costs and other additional costs) for 2023 was RMB172.745 billion, representing an increase of 5.9% as compared with RMB163.073 billion for last year. This was primarily due to the employee's compensation of the Group changed in tandem with the operating results of the Group.

**Exploration Expenses** Exploration expenses for 2023 was RMB20.764 billion, representing a decrease of RMB6.310 billion as compared with RMB27.074 billion for last year. This was primarily due to the Group's persistence in profitable exploration and continuous optimization of oil and gas exploration work deployment.

**Depreciation, Depletion and Amortisation** Depreciation, depletion and amortisation for 2023 was RMB247.452 billion, representing an increase of 4.0% as compared with RMB238.036 billion for last year. This was primarily due to the increase in oil and gas production and the year-on-year increase in fixed assets and oil and gas properties.

*Selling, General and Administrative Expenses* Selling, general and administrative expenses for 2023 was RMB64.074 billion, representing an increase of 7.6% as compared with RMB59.529 billion for last year. This was primarily due to increase of the standard to determine the safety fund as well as an increase in research and development expenses.

*Taxes other than Income Taxes* Taxes other than income taxes for 2023 was RMB296.226 billion, representing an increase of 6.5% as compared with RMB278.055 billion for last year, among which: according to PRC regulations, the levy for mineral rights concessions newly added in this year was RMB23.685 billion; due to the increase in production and sales volume of refined products, the consumption tax for 2023 was RMB183.360 billion, representing an increase of 15.2% as compared with RMB159.132 billion for last year; influenced by the decrease in the crude oil prices, the resource tax for 2023 was RMB29.674 billion, representing a decrease of 10.1% as compared with RMB32.991 billion for last year; and crude oil special gain levy for 2023 was RMB17.108 billion, representing a decrease of 60.9% as compared with RMB43.768 billion for last year.

*Other Expenses, net* Other expenses, net for 2023 was RMB1.345 billion, representing a decrease of RMB42.315 billion as compared with RMB43.660 billion for last year. This was primarily due to the reduction in asset disposal losses and the impact of disposal in gains or losses from derivative financial instruments.

*Profit from Operations* The profit from operations for 2023 was RMB235.466 billion, representing an increase of 8.7% as compared with RMB216.660 billion for last year.

*Net Exchange Loss* Net exchange loss for 2023 was RMB0.744 billion, representing a decrease of RMB1.074 billion as compared with RMB1.818 billion for last year. This was primarily due to the impact of fluctuation in the exchange rate of US Dollar against RMB.

*Net Interest Expense* Net interest expense for 2023 was RMB15.798 billion, representing a decrease of 6.1% as compared with RMB16.816 billion for last year, mainly due to the Group's reduction of interest-bearing debt scale and the optimization of its debt structure.

*Profit Before Income Tax Expense* Profit before income tax expense for 2023 was RMB237.462 billion, representing an increase of 11.3% as compared with RMB213.277 billion for last year.

*Income Tax Expense* The income tax expense for 2023 was RMB57.169 billion, representing an increase of 14.5% as compared with RMB49.929 billion for last year. This was primarily due to the increase in the Group's profit before income tax expense.

*Profit for the Year* Profit for the year for 2023 was RMB180.293 billion, representing an increase of 10.4% as compared with RMB163.348 billion for last year.

*Profit Attributable to Non-controlling Interests* Profit attributable to non-controlling interests for 2023 was RMB19.147 billion, representing an increase of 31.1% as compared with RMB14.605 billion for last year. This was primarily due to the increased profits from the Group's subsidiaries.

*Profit Attributable to Owners of the Company* Profit attributable to owners of the Company for 2023 was RMB161.146 billion, representing an increase of 8.3% as compared with RMB148.743 billion for last year.

*(2) Segment Results*

**Oil, Gas and New Energy**

*Revenue* The revenue of the Oil, Gas and New Energy segment for 2023 was RMB892.335 billion, representing a decrease of 4.0% as compared with RMB929.279 billion for last year, which was primarily due to the combined effect of increase in the sales volumes and the decrease in the prices of oil and gas products such as crude oil and natural gas.

The average realized price for crude oil of the Group in 2023 was USD76.60 per barrel, representing a decrease of 16.8% as compared with USD92.12 per barrel for last year.

*Operating Expenses* Operating expenses of the Oil, Gas and New Energy segment for 2023 was RMB743.640 billion, representing a decrease of 2.6% as compared with RMB763.531 billion for last year, which was primarily due to the decrease in procurement expenses and losses on disposal of assets.

In 2023, the unit oil and gas lifting costs of the Group was USD11.95 per barrel, representing a decrease of 3.8% as compared with USD12.42 per barrel for last year.

*Profit from Operations* In 2023, the Oil, Gas and New Energy segment, guided by the goal of improving efficiency and profitability, persisted in high-efficient exploration and high-profitable development. The Group made great efforts to control investments and cost expenses, continuously strengthened the management and control of oil and gas discovery costs and production costs, and endeavoured to promote the increase of production and profitability. The Oil, Gas and New Energy segment realized profit from operations of RMB148.695 billion, decreased by 10.3% as compared with RMB165.748 billion for last year, mainly due to the decrease in the product price of crude oil, natural gas and others.

**Refining, Chemicals and New Materials**

*Revenue* The revenue of the Refining, Chemicals and New Materials segment for 2023 was RMB1,221.161 billion, representing an increase of 4.9% as compared with RMB1,164.596 billion for last year, primarily due to the combined effect of the increase in sales volume of the refined and chemical products and the decrease in the prices of the refined and chemical products.

*Operating Expenses* Operating expenses of the Refining, Chemicals and New Materials segment for 2023 was RMB1,184.225 billion, representing an increase of 5.4% as compared with RMB1,124.026 billion for last year, primarily due to the increase in the procurement costs of crude oil and feedstock and the increase in consumption tax.

In 2023, the cash processing costs of refineries of the Group was RMB230.74 per ton, representing an increase of 7.1% as compared with RMB215.37 per ton for last year, mainly due to the impact of the high consumption of the initial commissioning of Guangdong Petrochemical

Company's integration project of refining and chemicals and the increase in the price of fuel and power.

*Profit from Operations* In 2023, the Refining, Chemicals and New Materials segment adhered to market-oriented principles, aiming to continuously optimize the products structure based on market demand. The Group increased production of high-end featured refined products and chemical products. The Group also intensified research and development efforts in chemical new materials, promoting a substantial increase in the production and sales volume of chemical new materials. The Group strengthened cost benchmarking analysis, improved lean management in the production process and made efforts to control processing costs. The Refining, Chemicals and New Materials segment in 2023 realized profit from operations of RMB36.936 billion, representing a decrease of 9.0% as compared with RMB40.570 billion for last year, among which, the refining business recorded profit from operations of RMB36.252 billion, representing a decrease of 11.9% as compared with RMB41.168 billion for last year, primarily due to the combined effects of narrowing profit margins in the refining business and an increase in production volume; the chemical business recorded profit from operations of RMB0.684 billion, representing a turnaround of RMB1.282 billion from an operating loss of RMB0.598 billion for last year, primarily due to an increase in the sales volume of chemical products and a decrease in crude oil prices and cost of raw materials under the chemical business.

## **Marketing**

*Revenue* The revenue of the Marketing segment for 2023 was RMB2,527.059 billion, representing a decrease of 8.8% as compared with RMB2,771.894 billion for last year, primarily due to the decrease in the price of refined products and the revenue of international trading operations.

*Operating Expenses* Operating expenses of the Marketing segment for 2023 was RMB2,503.097 billion, representing a decrease of 9.2% as compared with RMB2,757.520 billion for last year, primarily due to the decrease in the expenditure arising from the purchase of refined products and trading expenses.

*Profit from Operations* In 2023, the Marketing segment seized the favourable opportunity of the recovery in domestic refined products market demand. The Group vigorously strengthened marketing efforts to increase market share; coordinated and optimized the allocation of resources in both domestic and international markets, and further enhanced the overall profitability of the industry chain. The Marketing segment recorded profit from operations of RMB23.962 billion, representing an increase of 66.7% as compared with RMB14.374 billion for last year.

## **Natural Gas Sales**

*Revenue* The revenue of the Natural Gas Sales segment amounted to RMB561.191 billion for 2023, representing an increase of 8.1% as compared with RMB519.211 billion for last year, primarily due to the increase in both sales volume and price of domestic natural gas.

*Operating Expenses* Operating expenses of the Natural Gas Sales segment amounted to RMB518.147 billion for 2023, representing an increase of 2.3% as compared with RMB506.254

billion for last year, primarily due to the increase in the expenditure of natural gas purchase.

*Profit from Operations* In 2023, the Natural Gas Sales segment made overall arrangement regarding the procurement of natural gas, optimized the imported natural gas source structure, and strived to control the procurement costs. The Group continuously promoted low-cost development, implemented the concept of reducing costs and improving profitability, controlled operation costs through optimizing overall integration of our resource allocation. Under the strict implementation of national price policies, the Group adhered to market-oriented and specialized marketing, actively explored high-end and high-profitability markets, fully utilized the function of value discovery through online trading, strived to increase sales volume and profit. The Group continuously improved the natural gas terminal business and terminal marketing network to increase the profitability of terminal business. The Natural Gas Sales segment recorded profit from operations of RMB43.044 billion, representing an increase of RMB30.087 billion as compared with RMB12.957 billion for last year.

In 2023, the Group's overseas operations<sup>(a)</sup> realized a revenue of RMB1,010.507 billion, accounting for 33.6% of the Group's total revenue; profit before income tax expense amounted to RMB41.726 billion, accounting for 17.6% of the Group's total profit before income tax expense. The Group's overseas operations maintained a stable development with continuous improvement in its international operation abilities.

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

### (3) Assets, Liabilities and Equity

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

	As at December 31, 2023	As at December 31, 2022	Percentage of Change
	RMB million	RMB million	%
Total assets	2,752,448	2,670,400	3.1
Current assets	658,520	613,867	7.3
Non-current assets	2,093,928	2,056,533	1.8
Total liabilities	1,122,075	1,136,234	(1.2)
Current liabilities	689,007	624,263	10.4
Non-current liabilities	433,068	511,971	(15.4)
Equity attributable to owners of the Company	1,446,163	1,365,617	5.9
Share capital	183,021	183,021	-
Reserves	343,738	332,327	3.4
Retained earnings	919,404	850,269	8.1
Total equity	1,630,373	1,534,166	6.3

Total assets amounted to RMB2,752.448 billion, representing an increase of 3.1% as compared with RMB2,670.400 billion as at the end of last year, of which:

Current assets amounted to RMB658.520 billion, representing an increase of 7.3% as compared with RMB613.867 billion as at the end of last year, primarily due to the increase in cash and cash equivalents and inventories.

Non-current assets amounted to RMB2,093.928 billion, representing an increase of 1.8% as compared with RMB2,056.533 billion as at the end of last year, primarily due to the increase in the property, plant and equipment.

Total liabilities amounted to RMB1,122.075 billion, representing a decrease of 1.2% as compared with RMB1,136.234 billion as at the end of last year, of which:

Current liabilities amounted to RMB689.007 billion, representing an increase of 10.4% as compared with RMB624.263 billion as at the end of last year, primarily due to the increase in the long-term borrowings due within a year and other taxes payable.

Non-current liabilities amounted to RMB433.068 billion, representing a decrease of 15.4% as compared with RMB511.971 billion as at the end of last year, primarily due to the optimization of debt structure of the Group and the decrease in long-term borrowings.

Equity attributable to owners of the Company amounted to RMB1,446.163 billion, representing an increase of 5.9% as compared with RMB1,365.617 billion as at the end of last year, primarily due to the increase in retained earnings.

### (4) Cash Flows

As at December 31, 2023, 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 as well as distribution of dividends to shareholders.

The table below sets out the net cash flows of the Group for 2023 and 2022 respectively and the amount of cash and cash equivalents as at the end of each year:

	Year ended December 31	
	2023	2022
	RMB million	RMB million
Net cash flows from operating activities	456,596	393,768
Net cash flows used for investing activities	(255,789)	(232,971)
Net cash flows used for financing activities	(146,572)	(113,713)
Translation of foreign currency	3,576	7,317
Cash and cash equivalents at end of the year	249,001	191,190

### **Net Cash Flows from Operating Activities**

The net cash flows from operating activities of the Group in 2023 amounted to RMB456.596 billion, representing an increase of 16.0% as compared with RMB393.768 billion for last year, primarily due to the combined impact from the increase in profit and the change in working capital during the Reporting Period. As at December 31, 2023, the Group had cash and cash equivalents of RMB249.001 billion. The cash and cash equivalents were mainly denominated in Renminbi and US Dollar (approximately 52.4% were denominated in US Dollar, approximately 44.5% were denominated in Renminbi, approximately 2.6% were denominated in HK Dollar and approximately 0.5% were denominated in other currencies).

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

The net cash flows used for investing activities of the Group in 2023 amounted to RMB255.789 billion, representing an increase of 9.8% as compared with RMB232.971 billion for last year, primarily due to the increase in the capital expenditure.

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

The net cash used for financing activities of the Group in 2023 was RMB146.572 billion, representing an increase of 28.9% as compared with RMB113.713 billion for last year, primarily due to the Group's control of debt size and the optimization of the debt structure, and the decrease in new long-term and short-term borrowings.

The net borrowings of the Group as at December 31, 2023 and December 31, 2022, respectively, were as follows:



	<u>As at December 31, 2023</u>	<u>As at December 31, 2022</u>
	<u>RMB million</u>	<u>RMB million</u>
Short-term borrowings (including current portion of long-term borrowings)	148,780	100,639
Long-term borrowings	143,198	222,478
Total borrowings	291,978	323,117
Less: Cash and cash equivalents	249,001	191,190
Net borrowings	42,977	131,927

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

	<u>As at December 31, 2023</u>	<u>As at December 31, 2022</u>
	<u>RMB million</u>	<u>RMB million</u>
Within 1 year	160,305	107,461
Between 1 and 2 years	93,927	129,885
Between 2 and 5 years	36,931	102,490
After 5 years	22,961	16,500
	<u>314,124</u>	<u>356,336</u>

Of the total borrowings of the Group as at December 31, 2023, borrowings at fixed rates loans were RMB138,029 million, accounting for 47.3%; and borrowings at floating-rate were RMB153,949 million, accounting for 52.7%. Of the borrowings as at December 31, 2023, approximately 65.4% were denominated in Renminbi, approximately 32.0% were denominated in US Dollar and approximately 2.6% were denominated in other currencies.

As at December 31, 2023, the gearing ratio of the Group (gearing ratio = interest-bearing borrowings/(interest-bearing borrowings + total equity), interest-bearing borrowings include various short-term and long-term borrowings) was 15.2% (17.4% as at December 31, 2022).

#### *(5) Capital Expenditures*

In 2023, the Group, by adhering to the principle of investing on a rigorous, precise and profitable basis, continued to improve its level of investment structure, increased investment in oil and gas exploration and development, refining and upgrading, new energy and new materials businesses and promoted the steady development of core businesses. In 2023, the capital expenditures of the Group amounted to RMB275.338 billion, representing an increase of 0.4% as compared with RMB274.307 billion for last year. The table below sets out the capital expenditures of the Group for 2023 and 2022 and estimated capital expenditure of each business segment for 2024.

	2023		2022		Estimated amount for 2024	
	RMB million	%	RMB million	%	RMB million	%
Oil, Gas and New Energy	248,378	90.21	221,592	80.78	213,000	82.56
Refining, Chemicals and New Materials	16,383	5.95	41,771	15.23	29,000	11.24
Marketing	4,673	1.70	5,069	1.85	7,000	2.71
Natural Gas Sales	4,050	1.47	4,936	1.80	6,000	2.33
Head Office and Other	1,854	0.67	939	0.34	3,000	1.16
Total	<u>275,338</u>	<u>100.00</u>	<u>274,307</u>	<u>100.00</u>	<u>258,000</u>	<u>100.00</u>

### **Oil, Gas and New Energy**

Capital expenditures for the Oil, Gas and New Energy segment for 2023 amounted to RMB248.378 billion, which were primarily used for the exploration and development with scale benefit and profitability in key domestic basins such as Songliao, Ordos, Junggar, Tarim, Sichuan and Bohai Bay, devoting greater efforts in the exploration of unconventional resources such as shale gas and shale oil, promoting new energy projects such as wind, solar, and other clean power, CCUS, and hydrogen energy demonstration projects; and actively responded to changes in the overseas situations, strengthened production capacity construction of key projects, and continuously managed projects effectively in cooperation areas such as the Middle East, Central Asia, the Americas and the Asia-Pacific region.

It is estimated that the capital expenditures for the Oil, Gas and New Energy segment for 2024 will be RMB213.000 billion, which will be primarily for the continuous concentration of exploration and development with scale benefit and profitability in key domestic basins such as Songliao, Ordos, Junggar, Tarim, Sichuan and Bohai Bay. The Company will devote greater efforts in the exploration of unconventional resources such as shale gas and shale oil, accelerate the construction of gas storage capacity, promote new energy projects including clean power, utilization of geothermal waste heat, CCUS and hydrogen energy, adhere to the principle of concentrated and profitable development in overseas operations, promote the independent exploration projects, strengthen the obtaining of high-quality projects, continuously optimize asset structure, business structure and regional layout while continuing operating existing projects in cooperation areas such as the Middle East, Central Asia, America and the Asia Pacific region.

### **Refining, Chemicals and New Materials**

Capital expenditures for the Refining, Chemicals and New Materials segment for 2023 amounted to RMB16.383 billion, which were primarily used for refining and chemical transformation and upgrading project of Jilin Petrochemical Company and Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project, as well as transformation and upgrading projects related to the reduction of refining products and increase of chemical products (減油增化) and new materials and new technologies.

It is estimated that the capital expenditures for the Refining, Chemicals and New Materials segment for 2024 will be RMB29.000 billion, mainly allocated for the large-scale projects such as refining and chemical transformation and upgrading project of Jilin Petrochemical Company and Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project. It will also be used to commence the construction of Dushanzi Petrochemical Company's Tarim 1.2 million tons per year phase II ethylene project and progress steadily with the transformation and upgrading projects such as project of Lanzhou Petrochemical Company.

### **Marketing**

Capital expenditures for the Marketing segment for 2023 amounted to RMB4.673 billion, which were primarily used for the construction of domestic integrated stations covering oil, gas, hydrogen, power and non-oil products, improvement of terminal network, the equipment construction of overseas oil and gas storage and transportation and sales.

It is estimated that the capital expenditures for the Marketing segment for 2024 will amount to RMB7.000 billion which will be primarily used for the construction of domestic integrated energy stations for oil, gas, hydrogen, power and non-oil products, the construction of charging and swapping stations and the optimization of terminal network and the equipment construction of overseas oil and gas storage and transportation and sales.

### **Natural Gas Sales**

Capital expenditures for the Natural Gas Sales segment for 2023 amounted to RMB4.050 billion, which were primarily used for construction of natural gas branch lines and market development projects for urban gas terminal market.

It is estimated that capital expenditures for the Natural Gas Sales segment for 2024 will be RMB6.000 billion, which will be used primarily for construction of Fujian liquid natural gas ("LNG") receiving stations and ancillary pipelines, natural gas branch lines and market development projects for urban gas terminal market.

### **Head Office and Other**

Capital expenditures for the Head Office and Other segment for 2023 were RMB1.854 billion, which were primarily used for construction of scientific research facilities and IT systems.

It is estimated that the capital expenditures for the Head Office and Other segment of the Group for 2024 will be RMB3.000 billion, which will be primarily used for construction of scientific facilities and IT systems.

### 3.1.4 Future Prospects

In 2024, it is expected that the world economy will maintain a slow recovery trend, showing a certain degree of resilience; the margin effect of supply and demand in the international oil and gas market are loose, the average international crude oil price will decline slightly. The PRC economy will maintain the trend of long-term improvement, and the gross domestic product (“GDP”) growth expected target is approximately 5%. The domestic refined products market will show increases in both supply and demand, and competition will remain fierce; the demand for natural gas market will maintain a rapid growth momentum. In the face of opportunities and challenges, the Group will adhere to the five development strategies of innovation, resources, market, internationalization and green and low-carbon, continue to optimize production and operation. The Group will promote quality and profitability enhancement, maintain the safe, smooth and efficient operation of the two major industry chains of oil and gas, and continue to strengthen the foundation of the Company’s development. The Group will proactively seize the energy transition and market opportunities, steadily push forward the strategic transformation, optimize and adjust the business layout, and accelerate the development of new energy and new materials business to enhance the Company’s long-term development capability and continue to create value for shareholders.

In terms of Oil, Gas and New Energy Business, the Group’s domestic oil and gas business will adhere to high-profitable exploration and development, highlight the seven major basins, continuously discover and evaluate preferred potential targets, and continue to strengthen risk exploration. The Group will focus on the implementation of the drilling of the Shenditake-1 and ShendiChuanke-1; focus on the six major areas, including marine carbonate rocks, clastic rock lithology strata, foreland thrust belt, unconventional oil and gas, volcanic rocks, and strategic new areas, strengthen comprehensive geological evaluation and target demonstration, and strive to find strategic discoveries and breakthroughs. The Group will strengthen the concentrated exploration in areas of large-scale reserve-increasing areas such as Ordos, Sichuan, Tarim, and Junggar; enhance exploration efficiency and profitability; focus on stabilizing the production of old oil and gas fields and building production in new areas with profitability, and strive to increase reserves and production. The international oil and gas business will further optimize the asset structure, increase the development of high-quality new projects and accelerate the disposal of inefficient assets; focus on the concentrated exploration in Chad and the Aktobe Project in Kazakhstan, and strive to realize profitability from the scale and reserve increase. The new energy business will accelerate the construction of new energy bases in Qinghai, Xinjiang, Inner Mongolia and Songliao, and ensure the deployment and implementation of projects such as wind and solar power, gas power, geothermal energy, hydrogen energy and CCUS, so as to improve the conversion rate of the clean power and the grid connection rate. In 2024, the Group plans to reach the crude oil output of 909.2 million barrels and the marketable natural gas output of 5,142.6 billion cubic feet with a total oil and natural gas equivalent output of 1,766.3 million barrels.

In terms of Refining, Chemicals and New Materials Business, the Group will adhere to the market-oriented approach, dynamically optimize the processing routes and product plans, flexibly adjust the product structure, and strive to increase the production of high-profitability refined

products. The Group will optimize and enhance the processing workload of ethylene and aromatics lines, strengthen the development of new products, accelerate the development of the chemical new materials business, and continuously increase the chemical new materials output. The Group will intensify efforts in the marketing of chemical products, continue to improve the level of customer service, make a good market layout for new production capacity, vigorously explore high-end markets and intensify the development of overseas markets; adhere to the direction of high-end, intelligent and green, and further promote the transformation and upgrading of the refining and chemical business, accelerate the construction of key transformation and upgrading projects, such as refining and chemical transformation and upgrading project of Jilin Petrochemical Company, Guangxi Petrochemical Company's integration of refining and petrochemical transformation and upgrading project, and Dushanzi Petrochemical Company's Tarim 1.2 million per year phase II ethylene project, actively carry out the construction of intelligent factories and green enterprises, actively promote the refining and chemical business towards the middle and high-end of the industrial chain. In 2024, the Group estimates that the processed crude oil will reach 1,403.9 million barrels.

In terms of Marketing Business, the Group will strengthen market analysis and forecasting, improve the efficiency of resource allocation, enhance the integration of wholesale and retail marketing, further increase the sales volume of refined products, especially the sales volume of refueling gun, and endeavor to enhance the profitability of refined products sales. The Group will continue to improve the construction of the terminal network such as refueling and gas stations, charging and swapping stations, hydrogen refueling stations, photovoltaic stations, etc., and to further build the ecosystem of "people, vehicles and life". The Group will deepen the integration development of oil, fuel cards, non-oil business, natural gas and power (油卡非氣電), promote business synergy and online and offline integrated marketing, and enhance the profitability level of non-oil business. The Group will optimize the international trading system and service network, actively explore the export market for refined products, and maximize the value of the industrial chain.

In terms of Natural Gas Sales Business, the Group will highlight market-oriented marketing, deepen lean management, coordinate resource allocation and demand matching, continuously optimize the marketing mechanism and gradually build a multi-products contract model. The Group will give full play to the synergistic advantages of wholesale and retail, strengthen the development of high-end and high-profitability projects, and endeavor to increase the sales proportion of terminal markets. The Group will increase online trading at market prices, and continuously improve sales profitability. The Group will promote in an orderly manner the construction of the LNG receiving stations and ancillary pipelines projects in Fujian Province, the expansion of LNG storage tanks and the construction of branch pipelines in Jiangsu Province.

### 3.2 Other Financial Information

#### (1) Financial data prepared under CAS

	As at	As at	Percentage of Change
	December 31, 2023	December 31, 2022	
	RMB million	RMB million	%
Total assets	2,752,710	2,670,666	3.1
Current assets	658,520	613,867	7.3
Non-current assets	2,094,190	2,056,799	1.8
Total liabilities	1,122,089	1,136,250	(1.2)
Current liabilities	689,007	624,263	10.4
Non-current liabilities	433,082	511,987	(15.4)
Total equity attributable to owners of the Company	1,446,410	1,365,866	5.9
Total equity	1,630,621	1,534,416	6.3

See section (3) in 3.1.3 for an analysis of the reasons for the change.

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

	Income from principal operations for the year 2023	Cost of principal operations for the year 2023	Margin <sup>(a)</sup>	Year-on-year change in income from principal operations	Year-on-year change in cost of principal operations	Increase or decrease in margin
	RMB million	RMB million		%	%	
Oil, Gas and New Energy	870,850	556,332	26.7	(4.2)	(4.1)	0.3
Refining, Chemicals and New Materials	1,213,919	939,270	5.9	4.8	4.8	(1.2)
Marketing	2,492,392	2,404,817	3.4	(9.1)	(8.9)	(0.3)
Natural Gas Sales	554,593	514,759	7.1	8.0	3.0	4.5
Head Office and Other <sup>(b)</sup>	1,258	833	-	133.4	20.2	-
Inter-segment Elimination	(2,194,874)	(2,191,086)	-	-	-	-
Total	2,938,138	2,224,925	14.5	(7.5)	(9.4)	0.3

(a) *Margin = Profit from principal operations / Income from principal operations.*

(b) *The relatively larger increase in income from Head Office and Other segment was mainly due to the significant increase in the Group's scientific research business income.*

(3) Principal subsidiaries and associates of the Group under CAS

Name of company	Registered capital	Shareholding	Amount of total assets	Amount of total liabilities	Amount of total net assets/ (liabilities)	Net profit/ (loss)
	RMB million	%	RMB million	RMB million	RMB million	RMB million
Daqing Oilfield Company Limited	47,500	100.00	386,563	153,134	233,429	8,771
CNPC Exploration and Development Company Limited	16,100	50.00	218,697	30,210	188,487	16,253
PetroChina Hong Kong Limited	HKD7,592 million	100.00	164,817	56,475	108,342	10,019
PetroChina International Investment Company Limited	31,314	100.00	104,797	185,079	(80,282)	(8,030)
PetroChina International Co., Ltd.	18,096	100.00	313,504	206,041	107,463	14,003
PetroChina Sichuan Petrochemical Co., Ltd.	10,000	90.00	28,574	3,976	24,598	218
China Oil & Gas Pipeline Network Corporation	500,000	29.90	940,495	355,627	584,868	34,054
China Petroleum Finance Co., Ltd.	16,395	32.00	528,105	440,887	87,218	6,625
CNPC Captive Insurance Co., Ltd.	6,000	49.00	10,922	3,418	7,504	459
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	12,215	9,685	2,530	201
Mangistau Investment B.V.	USD131 million	50.00	12,941	3,459	9,482	816
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50.00	52,894	2,196	50,698	4,404

### 3.3 Distribution Plan for the Final Dividend for 2023

After overall consideration of the Company's operating results, financial position and cash flows, etc. and in return for the shareholders, the Board recommends a final cash dividend of RMB0.23 (inclusive of applicable tax) per share for 2023 to all shareholders of the Company. The total amount of cash dividends reaches approximately RMB42.095 billion. The proposed final dividend is subject to shareholders' review and approval at the forthcoming 2023 annual general meeting. The final dividend of H shares will be paid to all shareholders of H shares whose names appear on the register of members of the Company at the close of trading on June 25, 2024. The register of members of H shares will be closed from June 20, 2024 to June 25, 2024 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the final dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Hong Kong Registrars Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on June 19, 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 June 25, 2024 are eligible for the final dividend. The final dividend of A shares and H shares for 2023 will be paid on or about June 26, 2024 and July 29, 2024, respectively.

In accordance with the relevant provisions of the Articles of Association of the Company and relevant laws and regulations, dividends payable to the Company's shareholders shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi, and for the A shares of the Company listed on the Shanghai Stock Exchange and invested by the investors through the Hong Kong Stock Exchange, dividends shall be paid in Renminbi to the accounts of the nominal shareholders through CSDC. Save for the H shares of the Company listed on the Hong Kong Stock Exchange and invested by the investors through the Shanghai Stock Exchange and the Shenzhen Stock Exchange (the "H Shares under the Southbound Trading Link"), dividends payable to the holders of H shares shall be paid in Hong Kong Dollar. The applicable exchange rate shall be the average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the dividends at the 2023 annual general meeting. Dividends payable to the holders of H Shares under the Southbound Trading Link shall be paid in Renminbi. In accordance with the Agreement on Payment of Cash Dividends on the H Shares under the Southbound Trading Link (《港股通H股股票現金紅利派發協議》) between the Company and CSDC, CSDC will receive the dividends payable by the Company to holders of the H Shares under the Southbound Trading Link as a nominal holder of the H Shares under the Southbound Trading Link on behalf of investors and assist the payment of dividends on the H Shares under the Southbound Trading Link to investors thereof.

In relation to individual shareholders and securities investment funds holding A shares of the Company, according to the rules of the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No.85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012] 85 號)) and the



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

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

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

information registered on the Company's H share register of members on June 25, 2024.

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

The Company will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Company (the "Registered Address") on June 25, 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. on June 19, 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 June 25, 2024.

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

In accordance with the Notice of Ministry of Finance, the SAT and the China Securities

Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅〔2014〕81號)) which became effective on November 17, 2014 and the Notice of the Ministry of Finance, the SAT and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) which became effective on December 5, 2016, with regard to the dividends obtained by individual mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the rate of 20% in accordance with the register of individual 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 mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect, the Company will withhold tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

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

## **4 Significant Matters**

### **4.1 The Chinese Government issues Measures for the Levy for Mineral Rights Concessions**

On March 24, 2023, the Ministry of Finance, the Ministry of Natural Resources and the State Taxation Administration issued the Measures for Levy for Mineral Rights Concessions (Cai Zong [2023] No. 10)(《礦業權出讓收益徵收辦法》(財綜〔2023〕10號)) to further improve the system of remunerative use of mineral resources, regulate the management of the levy for mineral rights concessions, and levy for mineral rights concessions from the owners of mining rights in the form of the rate of return on the mineral rights concessions in respect of mineral types such as petroleum, natural gas and other minerals, with effect from May 1, 2023.

This event did not affect the continuity of the business and stability of management of the Group.

### **4.2 The Chinese Government further clarifies the implementation caliber of consumption tax policies for certain refined products**

On June 30, 2023, the Ministry of Finance and the State Administration of Taxation issued the Announcement on the Implementation Caliber of Consumption Tax Policies for Certain Refined Products (Announcement No. 11 [2023] of the Ministry of Finance and the State Administration of Taxation)(《關於部分成品油消費稅政策執行口徑的公告》(財政部 稅務總局公告2023年第11號)), which clearly defined that from the date of that announcement, consumption tax on alkylated oils (iso-octane) shall be levied according to relevant provisions on gasoline; consumption tax on petroleum ether, crude white oil, light white oil, and certain industrial white oils (No.5, No.7, No.10, No.15, No.22, No.32, and No.46) shall be levied according to relevant provisions on solvent oil; consumption tax on mixed aromatics, heavy aromatics, mixed C8, stable light hydrocarbons, light oil and light coal tar shall be levied according to relevant provisions on naphtha; the levying of consumption tax on aerospace kerosene shall be postponed by reference to the provisions on aviation kerosene.

This event did not affect the continuity of the business and the stability of management of the Group and was conducive to the sustainable and healthy development of the refined products business and positive operating results of the Group.

#### **4.3 The Chinese Government continuously implemented preferential policies for reduction of resource tax on shale gas**

On September 20, 2023, the Ministry of Finance and the State Administration of Taxation issued the Announcement on Continued Implementation of Preferential Policies for Reduction of Resource Tax on Shale Gas (Announcement [2023] No. 46 of the Ministry of Finance and the State Administration of Taxation)(《關於繼續實施頁岩氣減徵資源稅優惠政策的公告》(財政部 稅務總局公告 2023年第46號)), which clearly states that the resource tax on shale gas shall continue to be reduced by 30% based on the stipulated tax rate of 6% until December 31, 2027.

This event will not affect the continuity of the Group's business and the stability of its management, and was conducive to the sustainable and healthy development and positive operating results of the Group.

## 5 Financial Report

### 5.1 Explanation for Changes in Accounting Policy, Accounting Estimate or Recognition Policy as Compared with those for Last Annual Report

✓ Applicable       Not applicable

#### 5.1.1 Major impact of changes in CAS

In 2022, the Ministry of Finance promulgated the Interpretation No. 16. From January 1, 2023 the Group and the Company adopted the provision that accounting treatment of recognition of deferred tax related to assets and liabilities arising from a single transaction does not apply the initial recognition exemption stipulated in Interpretation No. 16. The cumulative effect of recognising these adjustments is recognised in retained earnings and other related financial statement items at the beginning of the earliest comparative period. The Group and the Company have retroactively adjusted the single transactions that existed between January 1, 2022 and the effective date and the comparable financial statements for the year ended December 31, 2022 have been restated accordingly. Other than the above effects, the amendments have no material impact on the financial statements of the Group and the Company.

#### Accounting treatment of recognition of deferred tax related to assets and liabilities arising from a single transaction not applying the initial recognition exemption

Content and reason of accounting policy change	Affected financial statement items	Affected amount	
		RMB million	
The Group and the Company accordingly recognize deferred tax liabilities and deferred tax assets for the equivalent amount of taxable and deductible temporary differences arising from lease transactions in which lease liabilities and right-of-use assets are initially recognized at the commencement date of the lease term, and transactions such as oil and gas properties in which asset retirement obligations exist and provisions are recognized and included in the cost of the related assets.		<b>January 1, 2022</b>	
		<b>The Group</b>	<b>The Company</b>
	Deferred tax assets	389	-
	Deferred tax liabilities	3,442	3,083
	Undistributed profits	(2,764)	(2,774)
	Surplus reserves	(309)	(309)
	Non-controlling interests	20	—
		<b>December 31, 2022</b>	
		<b>The Group</b>	<b>The Company</b>
	Deferred tax assets	(3,085)	(3,543)
	Deferred tax liabilities	602	391
	Undistributed profits	(3,316)	(3,540)
	Surplus reserves	(394)	(394)
	Non-controlling interests	23	—
	<b>2022</b>		
	<b>The Group</b>	<b>The Company</b>	
Income Tax Expense	(634)	(851)	

### 5.1.2 Major impact of changes in IFRS Accounting Standards

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

- Amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules” (Note 12)
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**

The amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the Group should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities; and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognized in the retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period.

The impact of this revision on the consolidated financial statements is summarized as follows:

	Amount of adjustment	
	RMB million	
	January 1, 2022	December 31, 2022
Deferred tax assets	389	(3,085)
Deferred tax liabilities	3,442	602
Retained earnings	(2,764)	(3,316)
Reserves	(309)	(394)
Non-controlling interests	20	23

	Amount of adjustment
	RMB million
	2022
Income Tax Expense	(634)

Except for the aforementioned impacts, these amendments have not had a material impact on the operating performance and financial position of the Group for the current or previous periods, nor have they had a material impact on the preparation or presentation of the annual financial statements.

### **5.2 Nature, Corrected Amount, Reason and Impact of Material Accounting Error**

Applicable     Not applicable

### **5.3 Changes in the Scope of Consolidation as Compared with those for Last Annual Report**

Applicable     Not applicable

### **5.4 Statement of the Board of Directors and the Supervisory Committee on Issuance of a “Non-Standard Auditing Report” by the Auditor**

Applicable     Not applicable



## 5.5 The Balance Sheets, Income Statements, with Comparatives

### 5.5.1 Financial statements prepared in accordance with IFRS Accounting Standards

#### (1) Consolidated Statement of Comprehensive Income

		2023	2022
	Notes	RMB million	RMB million
<b>REVENUE</b>	(i)	3,011,012	3,239,167
<b>OPERATING EXPENSES</b>			
Purchases, services and other		(1,972,940)	(2,213,080)
Employee compensation costs		(172,745)	(163,073)
Exploration expenses, including exploratory dry holes		(20,764)	(27,074)
Depreciation, depletion and amortization		(247,452)	(238,036)
Selling, general and administrative expenses		(64,074)	(59,529)
Taxes other than income taxes		(296,226)	(278,055)
Other expenses, net		(1,345)	(43,660)
<b>TOTAL OPERATING EXPENSES</b>		<b>(2,775,546)</b>	<b>(3,022,507)</b>
<b>PROFIT FROM OPERATIONS</b>		<b>235,466</b>	<b>216,660</b>
<b>FINANCE COSTS</b>			
Exchange gain		20,162	23,772
Exchange loss		(20,906)	(25,590)
Interest income		8,265	4,738
Interest expense		(24,063)	(21,554)
<b>TOTAL NET FINANCE COSTS</b>		<b>(16,542)</b>	<b>(18,634)</b>
<b>SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES</b>		<b>18,538</b>	<b>15,251</b>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>	(ii)	<b>237,462</b>	<b>213,277</b>
<b>INCOME TAX EXPENSE</b>	(iii)	<b>(57,169)</b>	<b>(49,929)</b>
<b>PROFIT FOR THE YEAR</b>		<b>180,293</b>	<b>163,348</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Fair value changes in equity investment measured at fair value through other comprehensive income		64	(116)
Currency translation differences		1,515	6,201
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Cash flow hedges		(1,893)	11,273
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		76	654
Currency translation differences		2,252	3,758
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		<b>2,014</b>	<b>21,770</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>182,307</b>	<b>185,118</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		161,146	148,743
Non-controlling interests		19,147	14,605
		<b>180,293</b>	<b>163,348</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		161,626	164,413
Non-controlling interests		20,681	20,705
		<b>182,307</b>	<b>185,118</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	(iv)	<b>0.88</b>	<b>0.81</b>

## (2) Consolidated Statement of Financial Position

		December 31, 2023	December 31, 2022
	Notes	RMB million	RMB million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,521,867	1,492,513
Investments in associates and joint ventures		280,870	269,569
Equity investments measured at fair value through other comprehensive income		832	943
Right-of-use assets		196,594	203,065
Intangible and other non-current assets		71,708	69,813
Deferred tax assets		18,127	16,614
Time deposits with maturities over one year		3,930	4,016
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,093,928</b>	<b>2,056,533</b>
<b>CURRENT ASSETS</b>			
Inventories		180,533	167,751
Accounts receivable	(vi)	68,761	72,028
Derivative financial instruments		16,939	21,133
Prepayments and other current assets		106,805	119,654
Financial assets at fair value through other comprehensive		10,661	4,376
Financial assets at fair value through profit or loss		7,404	3,876
Time deposits with maturities over three months but within		18,416	33,859
Cash and cash equivalents		249,001	191,190
<b>TOTAL CURRENT ASSETS</b>		<b>658,520</b>	<b>613,867</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	(vii)	362,155	372,369
Contract liabilities		83,928	77,337
Income taxes payable		11,152	16,471
Other taxes payable		62,763	37,043
Short-term borrowings		148,780	100,639
Derivative financial instruments		10,729	11,146
Lease liabilities		7,773	7,560
Financial liabilities at fair value through profit or loss		1,727	1,698
<b>TOTAL CURRENT LIABILITIES</b>		<b>689,007</b>	<b>624,263</b>
<b>NET CURRENT LIABILITIES</b>		<b>(30,487)</b>	<b>(10,396)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,063,441</b>	<b>2,046,137</b>
<b>EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			
Share capital		183,021	183,021
Retained earnings		919,404	850,269
Reserves		343,738	332,327
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>1,446,163</b>	<b>1,365,617</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>184,210</b>	<b>168,549</b>
<b>TOTAL EQUITY</b>		<b>1,630,373</b>	<b>1,534,166</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		143,198	222,478
Asset retirement obligations		144,299	142,081
Lease liabilities		113,438	118,200
Deferred tax liabilities		23,130	21,618
Other long-term obligations		9,003	7,594
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>433,068</b>	<b>511,971</b>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<b>2,063,441</b>	<b>2,046,137</b>

(3) Selected notes from the financial statements prepared in accordance with IFRS Accounting Standards

(i) 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 contract is recognized primarily at a certain point.

(ii) Profit Before Income Tax Expense

	2023	2022
	RMB million	RMB million
Items credited and charged in arriving at the profit before income tax expense include:		
<u>Credited</u>		
Dividend income from equity investments measured at fair value through other comprehensive income	18	15
Reversal of provision for impairment of receivables	428	160
Reversal of write down in inventories	59	42
(Loss)/Gain on disposal of investment in subsidiaries	102	(185)
Gain from ineffective portion of cash flow hedge <sup>(a)</sup>	1,226	2,217
<u>Charged</u>		
Amortisation of intangible and other assets	4,920	5,574
Depreciation and impairment losses:		
Owned property, plant and equipment	227,490	217,731
Right-of-use assets	15,042	14,731
Auditors' remuneration <sup>(b)</sup>	46	47
Cost of inventories recognised as expense	2,279,690	2,500,861
Provision for impairment of receivables	473	1,784
Loss on disposal and scrap of property, plant and equipment <sup>(a)</sup>	11,591	20,726
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	2,140	2,083
Research and development expenses	21,957	20,016
Write down in inventories	6,470	8,609
Investment loss from disposal of derivative financial instruments <sup>(a)</sup>	11,019	28,931
Impairment of other non-current assets	259	4,653

(a) Other expenses, net primarily includes gain from ineffective portion of cash flow hedges, loss on disposal and scrap of property, plant and equipment, investment loss from disposal of derivative financial instruments, government grants, and refund of import value-added tax relating to the import of natural gas.

(b) The auditors' remuneration above represents the annual audit fees paid by the Company. This remuneration does not include fees paid by subsidiaries to the Company's current auditor and its network firms which primarily included audit fees of RMB31 million, non-audit assurance services fees of RMB2 million, tax fees of RMB1 million, and other service fees of RMB1 million, respectively. (2022: RMB35 million, RMB0 million, RMB1 million, RMB3 million).

(iii) Income Tax Expense

	<b>2023</b>	<b>2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Current taxes	57,613	63,328
Deferred taxes	(444)	(13,399)
	<u>57,169</u>	<u>49,929</u>

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. Operations of the Group in western regions in China qualified for certain tax incentives in the form of a preferential income tax rate of 15% through the year 2030.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	<b>2023</b>	<b>2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Profit before income tax expense	237,462	213,277
Tax calculated at a tax rate of 25%	59,366	53,319
Tax return true-up	(238)	(910)
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	4,560	7,857
Effect of preferential tax rate	(10,021)	(14,197)
Tax effect of income not subject to tax	(8,501)	(7,347)
Tax effect of expenses not deductible for tax purposes	8,720	9,875
Tax effect of temporary differences and losses not recognized as	3,283	1,332
Income tax expense	<u>57,169</u>	<u>49,929</u>

(iv) Basic and Diluted Earnings Per Share

Basic and diluted earnings per share for the years ended December 31, 2023 and 2022 have been computed by dividing profit for the year attributable to owners of the Company by 183,021 million shares issued and outstanding for the year.

There are no potentially dilutive ordinary shares.

(v) Dividends

	<b>2023</b>	<b>2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Interim dividends attributable to owners of the Company for 2023 <sup>(a)</sup>	38,434	-
Proposed final dividends attributable to owners of the Company for 2023 <sup>(b)</sup>	42,095	-
Interim dividends attributable to owners of the Company for 2022 <sup>(c)</sup>	-	37,076
Final dividends attributable to owners of the Company for 2022 <sup>(d)</sup>	-	40,265
	<u>80,529</u>	<u>77,341</u>

- (a) Interim dividends attributable to owners of the Company in respect of 2023 of RMB0.21 yuan (inclusive of applicable tax) per share, amounting to a total of RMB38,434 million, were paid on September 20, 2023 (A shares) and October 30, 2023 (H shares).
- (b) At the 6th meeting of the 9th session of the Board, the Board of Directors proposed final dividends attributable to owners of the Company in respect of 2023 of RMB0.23 yuan (inclusive of applicable tax) per share amounting to a total of RMB42,095 million. These consolidated financial statements do not reflect this dividend payable as the final dividends were proposed after the reporting period and will be accounted for in equity as an appropriation of retained earnings during the year ending December 31, 2024 when approved at the forthcoming 2023 Annual General Meeting.
- (c) Interim dividends attributable to owners of the Company in respect of 2022 of RMB0.20258 yuan (inclusive of applicable tax) per share, amounting to a total of RMB37,076 million, were paid on September 20, 2022 (A shares) and October 28, 2022 (H shares).
- (d) Final dividends attributable to owners of the Company in respect of 2022 of RMB0.22 yuan (inclusive of applicable tax) per share, amounting to a total of RMB40,265 million, 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).

(vi) Accounts Receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Accounts receivable	71,448	74,917
Less: Provision for impairment of accounts receivable	(2,687)	(2,889)
	<u>68,761</u>	<u>72,028</u>

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the date of revenue recognition, at December 31, 2023 and 2022 is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Within 1 year	67,088	71,307
Between 1 and 2 years	1,491	266
Between 2 and 3 years	148	302
Over 3 years	34	153
	<u>68,761</u>	<u>72,028</u>

(vii) Accounts Payable and Accrued Liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Trade payables	169,664	172,546
Salaries and welfare payable	8,522	9,385
Dividends payable	470	581
Notes payables	20,731	15,630
Construction fee and equipment cost payables	119,492	116,571
Others <sup>(a)</sup>	43,276	57,656
	<u>362,155</u>	<u>372,369</u>

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

The aging analysis of trade payables at December 31, 2023 and 2022 is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>RMB million</b>	<b>RMB million</b>
Within 1 year	159,875	162,431
Between 1 and 2 years	2,644	2,682
Between 2 and 3 years	842	1,072
Over 3 years	6,303	6,361
	<u>169,664</u>	<u>172,546</u>

(viii) Segment Information

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Oil, Gas and New energy, Refining, Chemicals and New materials, Marketing, Natural Gas Sales and Head Office and Other. The segment information for the operating segments for the years ended December 31, 2023 and 2022 are as follows:

Year Ended December 31, 2023	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	892,335	1,221,161	2,527,059	561,191	7,039	5,208,785
Less: Intersegment sales	(747,603)	(884,978)	(534,421)	(27,249)	(3,522)	(2,197,773)
Revenue from external customers	144,732	336,183	1,992,638	533,942	3,517	3,011,012
Depreciation, depletion and amortization	(194,072)	(28,217)	(17,926)	(5,439)	(1,798)	(247,452)
Including: Impairment losses of property, plant and equipment	(21,793)	(32)	(85)	(368)	-	(22,278)
Profit/(loss) from operations	148,695	36,936	23,962	43,044	(17,171)	235,466

Year Ended December 31, 2022	Oil, Gas and New Energy	Refining, Chemicals and New Materials	Marketing	Natural Gas Sales	Head Office and Other	Total
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	929,279	1,164,596	2,771,894	519,211	5,473	5,390,453
Less: Intersegment sales	(777,846)	(827,572)	(520,502)	(22,156)	(3,210)	(2,151,286)
Revenue from external customers	151,433	337,024	2,251,392	497,055	2,263	3,239,167
Depreciation, depletion and amortization	(182,989)	(27,265)	(20,563)	(5,329)	(1,890)	(238,036)
Including: Impairment losses of property, plant and equipment	(17,090)	(3,394)	(1,231)	(680)	-	(22,395)
Profit/(loss) from operations	165,748	40,570	14,374	12,957	(16,989)	216,660

## 5.5.2 Financial statements prepared in accordance with CAS

### (1) Consolidated and Company Balance Sheets

	Unit: RMB million			
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>ASSETS</b>	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
<b>Current assets</b>				
Cash at bank and on hand	269,873	225,049	62,807	72,308
Financial assets at fair value through profit or loss	7,404	3,876	-	-
Derivative financial assets	16,939	21,133	33	192
Accounts receivable	68,761	72,028	8,474	17,969
Receivables financing	10,661	4,376	10,031	4,164
Advances to suppliers	12,461	13,920	6,266	9,365
Other receivables	31,090	45,849	15,235	9,410
Inventories	180,533	167,751	110,386	109,354
Other current assets	60,798	59,885	45,565	45,204
<b>Total current assets</b>	<b>658,520</b>	<b>613,867</b>	<b>258,797</b>	<b>267,966</b>
<b>Non-current assets</b>				
Investments in other equity instruments	839	950	173	333
Long-term equity investments	280,972	269,671	510,328	471,795
Fixed assets	468,178	463,027	254,065	307,660
Oil and gas properties	856,256	832,610	652,256	628,338
Construction in progress	197,433	196,876	115,035	123,486
Right-of-use assets	125,423	132,735	53,675	58,000
Intangible assets	92,744	92,960	66,760	70,193
Goodwill	7,442	7,317	77	52
Long-term prepaid expenses	14,089	10,388	8,585	7,384
Deferred tax assets	18,127	16,614	-	-
Other non-current assets	32,687	33,651	61,323	11,701
<b>Total non-current assets</b>	<b>2,094,190</b>	<b>2,056,799</b>	<b>1,722,277</b>	<b>1,678,942</b>
<b>TOTAL ASSETS</b>	<b>2,752,710</b>	<b>2,670,666</b>	<b>1,981,074</b>	<b>1,946,908</b>



Unit: RMB million

	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>The Group</b>	<b>The Group</b>	<b>The Company</b>	<b>The Company</b>
<b>Current liabilities</b>				
Short-term borrowings	38,979	38,375	17,445	17,255
Financial liabilities at fair value through profit or loss	1,727	1,698	-	-
Derivative financial liabilities	10,729	11,146	33	-
Notes payable	20,731	15,630	20,006	15,213
Accounts payable	289,156	289,117	101,615	121,220
Contract liabilities	83,928	77,337	62,178	55,861
Employee compensation payable	8,522	9,385	6,159	6,817
Taxes payable	73,915	53,514	46,717	34,512
Other payables	28,547	41,542	119,258	99,302
Current portion of non-current liabilities	117,816	70,561	111,672	53,157
Other current liabilities	14,957	15,958	8,962	10,572
<b>Total current liabilities</b>	<b>689,007</b>	<b>624,263</b>	<b>494,045</b>	<b>413,909</b>
<b>Non-current liabilities</b>				
Long-term borrowings	126,165	169,630	27,947	90,743
Debentures payable	17,033	52,848	13,500	49,380
Lease liabilities	113,438	118,200	41,795	44,700
Provisions	144,299	142,081	107,128	104,553
Deferred tax liabilities	23,144	21,634	325	391
Other non-current liabilities	9,003	7,594	4,726	4,302
<b>Total non-current liabilities</b>	<b>433,082</b>	<b>511,987</b>	<b>195,421</b>	<b>294,069</b>
<b>Total liabilities</b>	<b>1,122,089</b>	<b>1,136,250</b>	<b>689,466</b>	<b>707,978</b>
<b>Shareholders' equity</b>				
Share capital	183,021	183,021	183,021	183,021
Capital surplus	123,078	123,612	122,678	123,486
Special reserve	6,858	8,490	3,945	4,620
Other comprehensive income	(18,724)	(19,062)	1,099	720
Surplus reserves	237,802	224,563	226,710	213,471
Undistributed profits	914,375	845,242	754,155	713,612
<b>Equity attributable to equity holders of the Company</b>	<b>1,446,410</b>	<b>1,365,866</b>	<b>1,291,608</b>	<b>1,238,930</b>
<b>Non-controlling interests</b>	<b>184,211</b>	<b>168,550</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>1,630,621</b>	<b>1,534,416</b>	<b>1,291,608</b>	<b>1,238,930</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,752,710</b>	<b>2,670,666</b>	<b>1,981,074</b>	<b>1,946,908</b>

## (2) Consolidated and Company Income Statements

Unit: RMB million

Items	2023	2022	2023	2022
	The Group	The Group	The Company	The Company
<b>Operating income</b>	3,011,012	3,239,167	1,851,487	1,729,735
Less: Cost of sales	(2,302,385)	(2,527,935)	(1,379,524)	(1,278,781)
Taxes and surcharges	(295,015)	(276,821)	(224,754)	(208,555)
Selling expenses	(70,260)	(68,352)	(48,552)	(47,670)
General and administrative expenses	(55,023)	(50,523)	(32,879)	(29,743)
Research and development expenses	(21,957)	(20,016)	(16,796)	(15,217)
Finance expenses	(18,110)	(19,614)	(13,582)	(13,713)
Including: Interest expenses	(24,063)	(21,554)	(14,912)	(15,097)
Interest income	8,265	4,738	1,960	1,732
Add: Other income	21,697	18,177	19,621	16,732
Investment income	9,554	(11,140)	33,381	36,619
Including: Income from investment in associates and joint ventures	18,538	15,251	12,877	11,296
Gains from changes in fair value	2,008	(2,464)	(25)	54
Credit impairment losses	(37)	(1,587)	(346)	(65)
Asset impairment losses	(28,956)	(37,233)	(19,979)	(23,330)
Gains on asset disposal	496	905	1,721	591
<b>Operating profit</b>	<u>253,024</u>	<u>242,564</u>	<u>169,773</u>	<u>166,657</u>
Add: Non-operating income	3,128	3,515	2,067	2,967
Less: Non-operating expenses	(18,694)	(32,807)	(15,308)	(23,539)
<b>Profit before taxation</b>	<u>237,458</u>	<u>213,272</u>	<u>156,532</u>	<u>146,085</u>
Less: Taxation	(57,167)	(49,929)	(24,138)	(17,067)
<b>Net profit</b>	<u>180,291</u>	<u>163,343</u>	<u>132,394</u>	<u>129,018</u>
Classified by continuity of operations:				
Net profit from continuous operation	180,291	163,343	132,394	129,018
Net profit from discontinued operation	-	-	-	-
Classified by ownership:				
Owners of the Company	161,144	148,738	132,394	129,018
Non-controlling interests	19,147	14,605	-	-
<b>Other comprehensive income, net of tax</b>	2,014	21,770	488	470
Other comprehensive income (net of tax) attributable to equity holders of the Company	480	15,670	488	470
(1) Item that will not be reclassified to profit or loss				
Changes in fair value of investments in other equity instruments	45	(15)	8	(28)
(2) Items that may be reclassified to profit or loss				
Other comprehensive income recognized under equity method	76	654	327	395
Cash flow hedges	(1,893)	11,273	153	103
Currency translation differences	2,252	3,758	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests	1,534	6,100	-	-
<b>Total comprehensive income</b>	<u>182,305</u>	<u>185,113</u>	<u>132,882</u>	<u>129,488</u>
Attributable to:				
Equity holders of the Company	161,624	164,408	132,882	129,488
Non-controlling interests	20,681	20,705	-	-
<b>Earnings per share</b>				
Basic earnings per share (RMB Yuan)	0.88	0.81	0.72	0.70
Diluted earnings per share (RMB Yuan)	0.88	0.81	0.72	0.70

## **6 Repurchase, Sale or Redemption of Securities**

Save as described in section “2.6 Bond Issued But Not Yet Overdue” of this results announcement, the Company and its subsidiaries did not repurchase, sell or redeem any of the Group’s listed securities during the 12 months ended December 31, 2023.

## **7 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 of the Directors and Supervisors has confirmed to the Company that each of them has complied with the relevant requirements set out in the Model Code in the Reporting Period.

## **8 Compliance with the Corporate Governance Code**

For the year ended December 31, 2023, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules.

## **9 Audit Committee**

The Audit Committee of the Company comprises Ms. Hung Lo Shan Lusan, Mr. Duan Liangwei and Mr. Jiang, Simon X. The major responsibilities of the Audit Committee are to review and monitor the Group’s financial reporting procedures and internal control systems and to provide opinions to the Board. The Audit Committee of the Company has reviewed and confirmed the annual results for the 12 months ended December 31, 2023.

The figures set out in the results announcement of the Group for the year ended December 31, 2023 have been reviewed by the Company’s auditor to be consistent with the figures set out in the Group’s audited consolidated financial statements for the year ended December 31, 2023.

By Order of the Board of Directors  
PetroChina Company Limited  
Dai Houliang  
Chairman  
Beijing, the PRC  
March 25, 2024

*As at the date of this announcement, the Board comprises Mr. Dai Houliang as Chairman; Mr. Hou Qijun as Vice Chairman and non-executive Director; Mr. Duan Liangwei, and Mr. Xie Jun as non-executive Directors; Mr. Huang Yongzhang, Mr. Ren Lixin and Mr. Zhang Daowei as executive Directors; and Mr. Cai Jinyong, Mr. Jiang, Simon X, Mr. Zhang Laibin, Ms. Hung Lo Shan Lusan and Mr. Ho Kevin King Lun as independent non-executive Directors.*

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

*This announcement is published in English and Chinese. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*