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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)
(Stock Code: 857)

**CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST IN
CHINA PETROLEUM ELECTRIC ENERGY CO., LTD.**

Financial Advisor to the Company



ACQUISITION AGREEMENT

The Board hereby announces that, on 26 August 2024, Daqing Oilfield, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Daqing Petroleum Administration Bureau and CNPC Electric Energy. Pursuant to the Acquisition Agreement, Daqing Oilfield agreed to acquire and Daqing Petroleum Administration Bureau agreed to sell 100% interest in CNPC Electric Energy, at a consideration of RMB5,979,276,100 (excluding tax).

Upon the Completion of the Acquisition, Daqing Oilfield will hold 100% interest in CNPC Electric Energy. Accordingly, CNPC Electric Energy will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

HKEX LISTING RULES IMPLICATIONS

As at the date of this announcement, CNPC is the controlling shareholder of the Company, Daqing Petroleum Administration Bureau is a wholly-owned subsidiary of CNPC and CNPC Electric Energy is a wholly-owned subsidiary of Daqing Petroleum Administration Bureau, and therefore each of Daqing Petroleum Administration Bureau and CNPC Electric Energy is a connected person of the Company under Chapter 14A of the HKEx Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under the HKEx Listing Rules.

As the highest applicable ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the HKEx Listing Rules but exempt from the circular and independent shareholders' approval requirements.

ACQUISITION AGREEMENT

The Board hereby announces that, on 26 August 2024, Daqing Oilfield, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with Daqing Petroleum Administration Bureau and CNPC Electric Energy. Pursuant to the Acquisition Agreement, Daqing Oilfield agreed to acquire and Daqing Petroleum Administration Bureau agreed to sell 100% interest in CNPC Electric Energy, at a consideration of RMB5,979,276,100 (excluding tax). The principal terms of the Acquisition Agreement are as below:

Date : 26 August 2024

Parties : (1) Daqing Oilfield (as transferee)
(2) Daqing Petroleum Administration Bureau (as transferor)
(3) CNPC Electric Energy (as target company)

Subject matter : Daqing Oilfield agreed to acquire and Daqing Petroleum Administration Bureau agreed to sell 100% interest in CNPC Electric Energy.

Consideration : The consideration under the Acquisition Agreement is RMB5,979,276,100 (excluding tax). Daqing Oilfield shall pay 50% of the consideration to Daqing Petroleum Administration Bureau within 360 days from the date on which the Conditions Precedent are fulfilled or waived and the remaining consideration shall be paid to Daqing Petroleum Administration Bureau within 360 days from the date of the Completion.

According to the Asset Valuation Report, as at 31 October 2023 (the “**Valuation Reference Date**”), the entire shareholder’s equity of CNPC Electric Energy as valued by CEA under the income approach amounted to RMB5,979,276,100 (the “**Appraised Value**”). The consideration under the Acquisition Agreement was determined based on arm’s length negotiations between the parties to the Acquisition Agreement and after taking into account the Appraised Value.

Conditions Precedent : Parties to the Acquisition Agreement shall proceed to closing within 60 days after Conditions Precedent having been fulfilled or waived. The Conditions Precedent include but are not limited to:

- (1) Daqing Petroleum Administration Bureau having obtained a filing with the competent state-owned assets supervision institutions/entity (i.e., CNPC) for the valuation of the assets involved in the Acquisition;
- (2) Daqing Petroleum Administration Bureau having obtained internal approvals and approvals from its competent superior entity (i.e., CNPC) for the Acquisition;
- (3) the Acquisition having satisfied the requirements in respect of non-public agreement transfer under the <Regulatory Measures on Transactions of State-owned Assets of Enterprises> (《企業國有資產交易監督管理辦法》) and other relevant rules and having obtained approvals from its competent superior entity (i.e., CNPC).

VALUATION

According to the Asset Valuation Report, as at the Valuation Reference Date, the entire shareholder's equity of CNPC Electric Energy under the income approach valued by CEA was RMB5,979,276,100. The Board is of the opinion that the results of the valuation under the income approach are reasonable, having considered the facts that the principal business of CNPC Electric Energy is power generation and heat supply, that it has relatively stable operation, positive earnings and strong profitability in the future, and that the Acquisition places more emphasis on the future earnings of CNPC Electric Energy.

As the Asset Valuation Report was prepared based on the income approach, the Appraised Value constitutes a profit forecast under Rules 14.61 and 14A.06 of the HKEx Listing Rules. Please refer to Appendix I to this announcement for an extract of the Asset Valuation Report containing, among other things, the valuation methods, assumptions and key data used in the preparation of the Appraised Value. Baker Tilly Hong Kong Limited has been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast adopted in the Asset Valuation Report, which is set out in Appendix II to this announcement. CSCI, the financial adviser in relation to the Acquisition, confirmed that the profit forecasts set out in the Asset Valuation Report were made by the Directors after due and careful enquiry, which is set out in Appendix III to this announcement.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualifications
China Enterprise Appraisals Co., Ltd.	A qualified valuer in the PRC
Baker Tilly Hong Kong Limited	Certified Public Accountants
China Securities (International) Corporate Finance Company Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of CEA, Baker Tilly Hong Kong Limited and CSCI is a third party independent of the Group and its connected persons. As at the date of this announcement:

- (1) each of CEA, Baker Tilly Hong Kong Limited and CSCI is not beneficially interest in the share capital of any member of the Group and none of them has any right (whether legally exercisable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (2) each of CEA, Baker Tilly Hong Kong Limited and CSCI has given and has not withdrawn its written consent to the issue of this announcement with inclusion of its opinions and letters (as the case may be) and references to its name included herein in the form and context in which they respectively appear.

COMPLETION

Parties to the Acquisition Agreement shall proceed to closing (including completion of the industrial and commercial registration procedures) within 60 days after Conditions Precedent having been fulfilled or waived. Upon the Completion of the Acquisition, Daqing Oilfield will hold 100% interest in CNPC Electric Energy. Accordingly, CNPC Electric Energy will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

CNPC ELECTRIC ENERGY

CNPC Electric Energy is a limited liability company established on 19 October 2017 by Daqing Petroleum Administration Bureau under the PRC laws with a registered capital of RMB5,000,000,000, among which the amount of RMB400,742,700 which has not been paid by Daqing Petroleum Administration Bureau will be paid by Daqing Oilfield after the Completion of the Acquisition. As at the date of this announcement, CNPC Electric Energy is a wholly-owned subsidiary of Daqing Petroleum Administration Bureau. CNPC Electric Energy is principally engaged in the businesses of power generation, supply and sales, heat supply and designing and construction of power projects.

Set out below is the relevant financial information of CNPC Electric Energy under China Accounting Standards:

	As at 30 June 2024	
	<i>(RMB'000,000)</i>	
	(unaudited)	
Total assets		6,985
Net assets		5,182
	For the year ended	For the year ended
	31 December 2023	31 December 2022
	<i>(RMB'000,000)</i>	<i>(RMB'000,000)</i>
	(audited)	(audited)
Revenue	11,076	10,915
Profit before taxation	428	243
Net Profit	279	148

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

CNPC Electric Energy has an integrated full industrial chain comprising coal power, gas power, power grid, heat supply, power sales, new energy, power design and construction, and power technology services. The acquisition of CNPC Electric Energy will improve the professional standard of the Group's electric power business, achieve the intensive and scale development of the Group's electric power trading business, and it is an action for the Group to implement the Group's green development strategy and an important measure for the Group to build a comprehensive international energy company. The Acquisition will realise the Group's advantages in the integrated development of its new energy business and power sales business, further enhance the Group's overall profitability and core competitiveness, and continue to promote high-quality development.

Based on the above reasons, the Board (including the independent non-executive Directors) is of the view that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the Acquisition is conducted on normal commercial terms, and the terms of the Acquisition Agreement are fair and reasonable, thus the Acquisition is in the interests of the Company and the Shareholders as a whole.

HKEX LISTING RULES IMPLICATIONS

As at the date of this announcement, CNPC is the controlling shareholder of the Company, Daqing Petroleum Administration Bureau is a wholly-owned subsidiary of CNPC and CNPC Electric Energy is a wholly-owned subsidiary of Daqing Petroleum Administration Bureau, and therefore each of Daqing Petroleum Administration Bureau and CNPC Electric Energy is a connected person of the Company under Chapter 14A of the HKEx Listing Rules. Therefore, the Acquisition constitutes a connected transaction of the Company under the HKEx Listing Rules.

As the highest applicable ratio in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements under Chapter 14A of the HKEx Listing Rules but exempt from the circular and independent shareholders' approval requirements.

APPROVAL OF THE BOARD

Given that Mr. Dai Houliang, Mr. Hou Qijun, Mr. Duan Liangwei, Mr. Huang Yongzhang, Mr. Ren Lixin, Mr. Xie Jun and Mr. Zhang Daowei are employees of CNPC and/or its associates, they have abstained from voting on the Board resolution approving the Acquisition Agreement and the Acquisition.

GENERAL INFORMATION

The Company is a joint stock limited company established under the Company Law of the PRC on 5 November 1999 in the course of the restructuring of the CNPC. The H Shares and A Shares of the Company are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively. The Company and its subsidiaries are principally engaged in the exploration, development, production, transportation and marketing of crude oil and natural gas, and new energy business; the refining of

crude oil and petroleum products; the production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products, and new materials business; the marketing of refined products and non-oil products and trading business; and the transportation and sale of natural gas business.

Daqing Oilfield is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company. Daqing Oilfield is principally engaged in the business of exploration and development of oil and natural gas. Its business scope mainly includes exploration and development, engineering technology, engineering construction, production support, equipment manufacturing, oilfield chemicals, mining area services and other business sectors. It is an oil enterprise with a relatively complete business system and comprehensive integration advantages.

Daqing Petroleum Administration Bureau is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of CNPC. Daqing Petroleum Administration Bureau is principally engaged in the business of petroleum technical services, oilfield production services, fine chemicals and other businesses and public utilities.

CNPC Electric Energy is a limited liability company incorporated under the laws of the PRC and, as at the date of this announcement, a wholly-owned subsidiary of Daqing Petroleum Administration Bureau. Upon the Completion of the Acquisition, CNPC Electric Energy will become an indirect wholly-owned subsidiary of the Company. CNPC Electric Energy is principally engaged in the businesses of power generation, supply and sales, heat supply and designing and construction of power projects.

DEFINITIONS

In this announcement, unless otherwise defined, the following terms shall have the following meanings:

“Acquisition”	the transaction contemplated under the Acquisition Agreement, being the acquisition of 100% interest in CNPC Electric Energy by Daqing Oilfield from Daqing Petroleum Administration Bureau
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“Acquisition Agreement”	the equity acquisition agreement entered into on 26 August 2024 among Daqing Oilfield, Daqing Petroleum Administration Bureau and CNPC Electric Energy in respect of the Acquisition
“Asset Valuation Report”	the asset valuation report on the value of the entire shareholder’s equity of CNPC Electric Energy issued by CEA
“A Share(s)”	the PRC listed domestic share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
“associate(s)”	has the meanings ascribed to it under the HKEx Listing Rules
“Board”	the board of Directors of the Company
“CEA”	China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司)
“CNPC”	China National Petroleum Corporation (中國石油天然氣集團有限公司), a state-owned enterprise incorporated under the laws of the PRC, and the controlling shareholder of the Company
“CNPC Electric Energy”	China Petroleum Electric Energy Co., Ltd. (中國石油集團電能有限公司), a limited liability company incorporated under the laws of the PRC, and as at the date of the announcement, a wholly-owned subsidiary of Daqing Petroleum Administration Bureau
“Completion”	the completion of the closing under the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
“Condition(s) Precedent”	Condition(s) precedent to the closing stipulated in the Acquisition Agreement
“connected person(s)”	has the meanings ascribed to it under the HKEx Listing Rules

“controlling shareholder(s)”	has the meanings ascribed to it under the HKEx Listing Rules
“Company”	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company limited by shares incorporated in the PRC on 5 November 1999 under the laws of the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“CSCF”	China Securities (International) Corporate Finance Company Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
“Daqing Oilfield”	Daqing Oilfield Company Limited (大慶油田有限責任公司), a limited liability company incorporated under the laws of the PRC, and as at the date of this announcement, a wholly-owned subsidiary of the Company
“Daqing Petroleum Administration Bureau”	Daqing Petroleum Administration Bureau Co., Ltd. (大慶石油管理局有限公司), a limited liability company incorporated under the laws of the PRC, as at the date of the announcement, a wholly-owned subsidiary of CNPC
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars

“HKEx Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the legal currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company, including the A Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“subsidiary(ies)”	has the meanings ascribed to it under the HKEx Listing Rules

By order of the Board
PetroChina Company Limited
Company Secretary
WANG Hua

Beijing, the PRC
26 August 2024

As at the date of this announcement, the Board of the Company 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.

SELECTION OF VALUATION METHODS

According to the Asset Valuation Report, CEA has considered the practicality of three asset valuation methods, namely the income approach, the asset-based approach and the market approach. The income approach is a general term for various valuation methods that capitalise or discount the expected income of the valued target to determine its value. The asset-based approach is a valuation method that determines the value of the valued target based on its balance sheet by valuing identifiable on-balance sheet and off-balance sheet assets and liabilities of the valued entity or operating entity as at the valuation reference date. The market approach is a general term for the valuation methods that determine the value of the valued entity based on the market price of the comparable companies by comparing the valued target with the comparable companies.

CEA is of the view that it is difficult to find comparable listed companies or transaction cases in the open market and sufficient data for the correction of market approach comparisons with CNPC Electric Energy, and therefore there exists no condition for the valuation using the market approach. CNPC Electric Energy is a heavy asset enterprise and has provided relevant historical information in respect of its assets and liabilities, operating and financial information for historical years and relevant data and information in respect of the forecast of future operating profits within the scope of the valuation. By analysing the relevant information provided by CNPC Electric Energy as well as the preliminary analysis of the development prospects of the industry, the market environment and the operating conditions of CNPC Electric Energy, CEA has concluded that CNPC Electric Energy possesses the pre-requisites and conditions for the valuation by the asset-based approach and the income approach and has therefore adopted the asset-based approach and the income approach for the valuation.

The value of the entire shareholder's equity of CNPC Electric Energy after valuation by CEA using the income approach was RMB5,979,276,100, and the value of the entire shareholder's equity of CNPC Electric Energy after valuation using the asset-based approach was RMB5,963,932,000, with a difference of RMB15,344,100, representing a discrepancy rate of 0.26%. In view of the fact that the purpose of this valuation is to transfer equity interests in CNPC Electric Energy and the parties to the Acquisition Agreement attach greater importance to the future earnings of CNPC Electric Energy, whose main business is power generation and heat supply, with relatively stable operation, positive

earnings and strong profitability in the coming years, CEA is of the view that the future earnings can be reasonably predicted through the analysis and judgment of CNPC Electric Energy's future power generation capacity, power price and thermal coal price. Therefore, CEA ultimately chose the income approach for its valuation results.

ASSUMPTIONS FOR THE ADOPTION OF THE INCOME APPROACH

As the valuation adopts the discounted cash flow approach under the income approach, the valuation constitutes a profit forecast under Rule 14.61 and Rule 14A.06 of the HKEx Listing Rules. In order to comply with Rules 14A.68(7) and 14.60A of the HKEx Listing Rules, details of all the assumptions of the valuation are set out below:

- (1) It is assumed that for the assets traded or intended to be traded in the market, the parties to the asset transaction are on an equal footing with each other, each has the opportunity and time to obtain sufficient market information, and that the transaction is voluntary and rational, and that they are able to make rational judgments about the function and use of the asset and its transaction price;
- (2) It is assumed that the valued assets will continue to be used in accordance with their current purpose and usage;
- (3) It is assumed that there will be no material changes in the relevant existing laws, regulations and policies or the macroeconomic situation of the State, and there will be no material changes in the political, economic and social environment of the region in which the parties to the transaction are located;
- (4) In view of the actual status of the assets as at the Valuation Reference Date, it is assumed that the business will continue in operation;
- (5) It is assumed that there will be no significant changes in interest rates, exchange rates, tax base and rates and policy levies relating to the valued entity after the Valuation Reference Date;
- (6) It is assumed that the management of the valued entity after the Valuation Reference Date is responsible, stable and capable of performing its duties;
- (7) Unless otherwise stated, it is assumed that the companies fully comply with all relevant laws and regulations;

- (8) It is assumed that there will be no force majeure and unforeseeable factors having a material adverse impact on the valued entity after the Valuation Reference Date;
- (9) It is assumed that the accounting policies adopted by the valued entity after the Valuation Reference Date and the accounting policies adopted in preparing the Asset Valuation Report are consistent in material respects;
- (10) It is assumed that the scope and manner of operation of the valued entity after the Valuation Reference Date will remain consistent with the present on the basis of the existing management style and management level;
- (11) It is assumed that the cash inflow and cash outflow of the valued entity after the Valuation Reference Date are average;
- (12) It is assumed that the products or services of the valued entity after the Valuation Reference Date will remain same competitiveness in the market.

KEY DATA TO THE ASSET VALUATION REPORT

By adopting the discounted cash flow method under the income approach to appraise the overall value of CNPC Electric Energy, the Asset Valuation Report indirectly obtained the value of the entire shareholder's equity of CNPC Electric Energy using the following calculation model: value of the entire shareholder's equity = value of the overall enterprise - value of interest-bearing liabilities. Among which, value of the overall enterprise = value of operating assets + value of surplus assets + value of non-operating assets - value of non-operating liabilities + value of long-term equity investments assessed separately.

Income Period

Based on the analysis of the operating conditions of the power plants of CNPC Electric Energy, the forecast period is until 2035, and the income period is a perpetual period.

Discount Rate

For the discount rate, CEA has obtained the weighted average cost of capital of CNPC Electric Energy as the discount rate with the following key parameters:

(1)	Risk-free rate of return	2.6938%
(2)	Equity systematic risk coefficient	1.0192
(3)	Market risk premium	6.79%
(4)	Enterprise-specific risk adjustment coefficient	3%
(5)	Cost of equity capital	12.61%
(6)	Cost of interest-bearing liability capital	4.2%
(7)	Enterprise income tax	25%

Discount Rate **8.25%**

Notes:

- (1) Risk-free rate of return is the annualized yield to maturity of 10-year treasury bonds as at the Valuation Reference Date disclosed in the WIND information system.
- (2) Equity systematic risk coefficient is determined with reference to the average of the beta coefficients of nine comparable listed companies disclosed in the WIND information system, adjusted for the difference in capital structure and adopted the average capital structure of comparable listed companies as the target capital structure of CNPC Electric Energy.
- (3) Market risk premium is the difference between the market rate of return on investment and the risk-free rate of return. In particular, the market rate of return on investment is the weighted average of the annualized weekly returns from 1992 to 2022 based on the stock trading price indices of the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which is calculated to be 9.48%.
- (4) Enterprise-specific risk adjustment coefficient is determined on the basis of a comprehensive analysis of the risks and countermeasures of CNPC Electric Energy's operating risks, market risks, management risks and financial risks. It is also determined by taking into account the impact of the valued entity's business scale, historical operating

results, industry position, operating ability, competitiveness, internal control and other circumstances on enterprise risks.

- (5) *Cost of equity capital is 12.61%. The cost of equity capital is calculated using the capital asset pricing model (CAPM), i.e., cost of equity capital = risk-free rate of return + market risk premium \times equity systematic risk coefficient + enterprise-specific risk adjustment coefficient.*
- (6) *Cost of interest-bearing liability capital is 4.2%, which is the five-year loan interest rate on the Valuation Reference Date announced by the National Interbank Funding Centre.*

Value of Operating Assets

Value for the forecast period: RMB3,632,788,700

Value for the perpetual period (terminal value): RMB349,329,600

Appraised value of operating assets: RMB3,982,118,300

Value of Surplus Assets

CNPC Electric Energy did not have any surplus assets.

Value of Non-operating Assets and Non-operating Liabilities

The value of non-operating assets and non-operating liabilities of CNPC Electric Energy amounted to RMB2,461,934,000 and RMB2,234,616,500, respectively.

Value of Long-term Equity Investments

The value of the long-term equity investments in CNPC Electric Energy amounted to RMB1,769,840,300.

Value of Interest-bearing Liabilities

CNPC Electric Energy did not have any interest-bearing liabilities.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF 100% EQUITY INTEREST IN CHINA PETROLEUM ELECTRIC ENERGY CO., LTD.

TO THE BOARD OF DIRECTORS OF PETROCHINA COMPANY LIMITED (THE “COMPANY”)

We have examined the calculations of the discounted cash flow forecast on which the valuation prepared by China Enterprise Appraisals Co., Ltd. dated 25 January 2024 in respect of the appraisal of the fair value of 100% equity interest in China Petroleum Electric Energy Co., Ltd. (the “**Target Company**”) as at 31 October 2023 (the “**Valuation**”) is based. The Valuation, prepared based on the discounted cash flow forecast, is regarded as a profit forecast under Rules 14.61 and 14A.06 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted cash flow forecast in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted cash flow forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form an assurance conclusion on the calculations of the discounted cash flow forecast on which the Valuation is based and to report solely to you, as a body, as required by Rules 14.60A(2) and 14A.68(7) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted cash flow forecast based upon the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted cash flow forecast has been properly compiled, in all material aspects, based upon the Assumptions.

Other Matter

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Our opinion is not qualified in respect of this matter.

For the purpose of this engagement, we do not review the accounting policies for the Valuation as the Valuation relates to discounted cash flow forecast and no accounting policies have been adopted in the preparation of the Valuation. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 26 August 2024

Chau Fong, Lily

Practising certificate number P08090



The Board of Directors
PetroChina Company Limited
No. 9 Dongzhimen North Street
Dongcheng District
Beijing, PRC
Postal code: 100007

26 August 2024

Dear Sir/Madam,

Reference is made to the announcement of PetroChina Company Limited (the “**Company**”) published on 26 August 2024 (the “**Announcement**”) in relation to the contemplated transaction (the “**Transaction**”), which involves, among other things, the contemplated sales of 100% equity interest in China Petroleum Electric Energy Co., Ltd. (the “**Target Equity Interest**”) by Daqing Petroleum Administration Bureau Co., Ltd. to Daqing Oilfield Company Limited (“**Daqing Oilfield**”), a wholly-owned subsidiary of the Company, for cash consideration. Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

The Announcement refers to the valuation of the Target Equity Interest conducted by China Enterprise Appraisals Co., Ltd. (the “**Valuer**”), which is set out in the valuation report dated 25 January 2024 prepared by the Valuer for the purpose of the Transaction (the “**Valuation Report**”). We understand that the Valuation Report and certain other documents in relation to the Transaction have been provided to you as directors of the Company (the “**Directors**”). We understand that the Valuer has applied income approach (i.e., the discounted cash flow method) on the Target Equity Interest to implement the valuation. The valuation on the discounted cash flow is regarded as profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

We have reviewed the profit forecast included in the Valuation Report upon which the valuation of the Target Equity Interest has been made. We have made enquiries with the Directors, the management of the Company and the Valuer regarding the bases and assumptions upon which the profit forecast regarding the Target Equity Interest in the Valuation Report have been made. In addition, we have also reviewed the report to the Directors from Baker Tilly Hong Kong Limited dated 26 August 2024 as set out in Appendix II to the Announcement in relation to the calculations of discounted future cash flows.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are of the opinion that the profit forecast disclosed in the Announcement has been made after due and careful enquiry by you. The Directors are responsible for such profit forecast, including the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation Report. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation Report and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us is for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. We have not independently verified the assumptions or computations leading to the valuation of the Target Equity Interest. We have had no role or involvement and have not provided and will not provide any assessment of the valuation of the Target Equity Interest to the Company. We have assumed that all information, materials and representations provided to us by the Company and the Valuer, including all data, materials, and representations referred to or contained in the Announcement were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the data and materials supplied. No representation or warranty, whether express or implied, is made by us on the accuracy, truthfulness or completeness of such information, materials

or representations. Accordingly, we accept no responsibility, whether expressly or implicitly, on the valuation of the Target Equity Interest as set out in the Valuation Report.

Yours faithfully,

For and on behalf of

China Securities (International) Corporate Finance Company Limited

George Yen

Executive Director