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

Pipeline Restructuring Transactions Presentation

July 2020

Forward-looking Statements

This announcement contains "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933, as amended, and Section 21E of the United States Securities and Exchange Act of 1934, as amended. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

The amounts and nature of future exploration, development and other capital expenditures; future prices and demand for crude oil, natural gas, refined products and chemical products; development projects, exploration prospects, reserves potential, development and drilling potential; production of products and sales volume; planned production facilities and sales network; future development trends of the oil and gas industry; planned pipeline business development; planned expansion of natural gas infrastructure; the plan to continue to pursue attractive business opportunities inside and outside China; anticipated financial and operating information regarding, and the future development and economic performance of, the Company's business; anticipated market risk exposure arising from future changes in interest rates, foreign exchange rates and commodity prices; and other prospects of Company's business and operations.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will" and "would" and similar expressions, as they related to us, are intended to identify a number of these forward-looking statements.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and are beyond the Company's control. The forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in this announcement and the following:

Fluctuations in crude oil and natural gas prices; effects of the recent COVID-19 pandemic; failure to achieve continued exploration success; failures or delays in achieving production from development projects; continued availability of capital and financing; acquisitions and other business opportunities that the Company may pursue; general economic, market and business conditions, including volatility in interest rates, changes in foreign exchange rates and volatility in commodity markets; liability for remedial actions under environmental regulations; the actions of competitors; wars and acts of terrorism or sabotage; changes in policies, laws or regulations of the PRC, including but not limited to changes in policies, laws or regulations in relation to the oil and gas industry (inclusive of the pipeline network reform); other changes in global economic and political conditions affecting the production, supply and demand and pricing of crude oil, refined products, petrochemical products and natural gas; and other risk factors discussed in this announcement, and other factors beyond Company's control.

You should not place undue reliance on any forward-looking statements.

Upon completion of the Transactions, the Company will indirectly, instead of directly, use and receive incomes from the Target Assets. The rights and obligations and relevant risk-taking in relation to operations of the Target Assets after completion of the Transactions have been agreed in accordance with the terms of the Transaction Agreements. However, the specific effects of the relevant arrangements in relation to operations of the Target Assets in the future are still subject to uncertainty.

Board and Management

Mr. LI Fanrong

Vice Chairman

Mr. DUAN Liangwei

Executive Director and President

Mr. WU Enlai

Secretary to the Board of Directors

Mr. CHAI Shouping

Chief Financial Officer

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Agenda

1 Introduction of Pipeline Restructuring Transactions

2 PetroChina's Strategies and Outlook

3 Q&A Session

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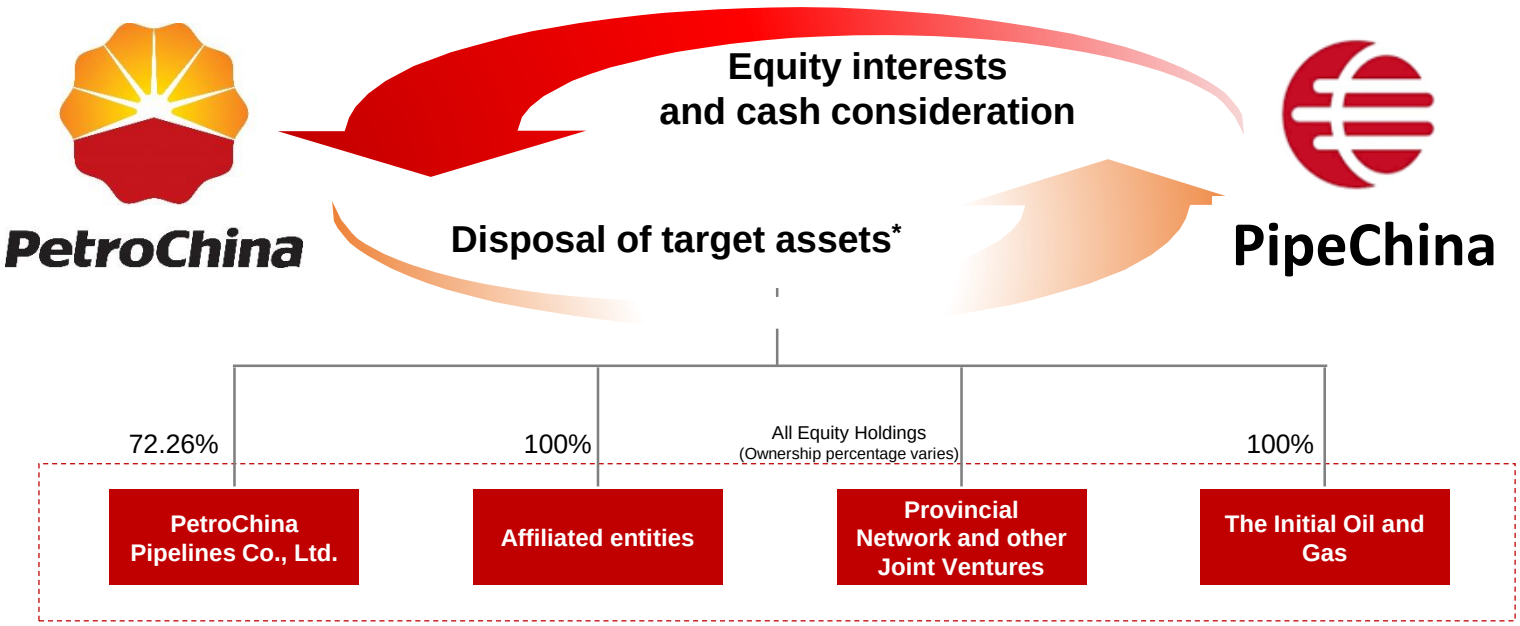
Introduction of Pipeline Restructuring Transactions

Transactions Overview

Base Consideration: RMB268.7 billion

29.9% of the equity interests in PipeChina

Remainder to be satisfied in cash



- The Transactions include equity interests in 12 joint ventures of the Company, including PetroChina Pipelines Co., Ltd., 8 subsidiaries of the Company under independent accounting and the Initial Oil and Gas, in exchange for PipeChina's 29.9% of equity interests and cash consideration

Note:
*: The Target Assets include equity interests in certain branches, subsidiaries and associated companies of the Company.

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Commercial Rationales

Focus more on upstream exploration and development, and actively promote downstream market expansion

Help relieve the pressure relating to capital expenditures

Make full use of the nationwide oil and gas storage and transmission facilities to improve operational efficiency and value creation

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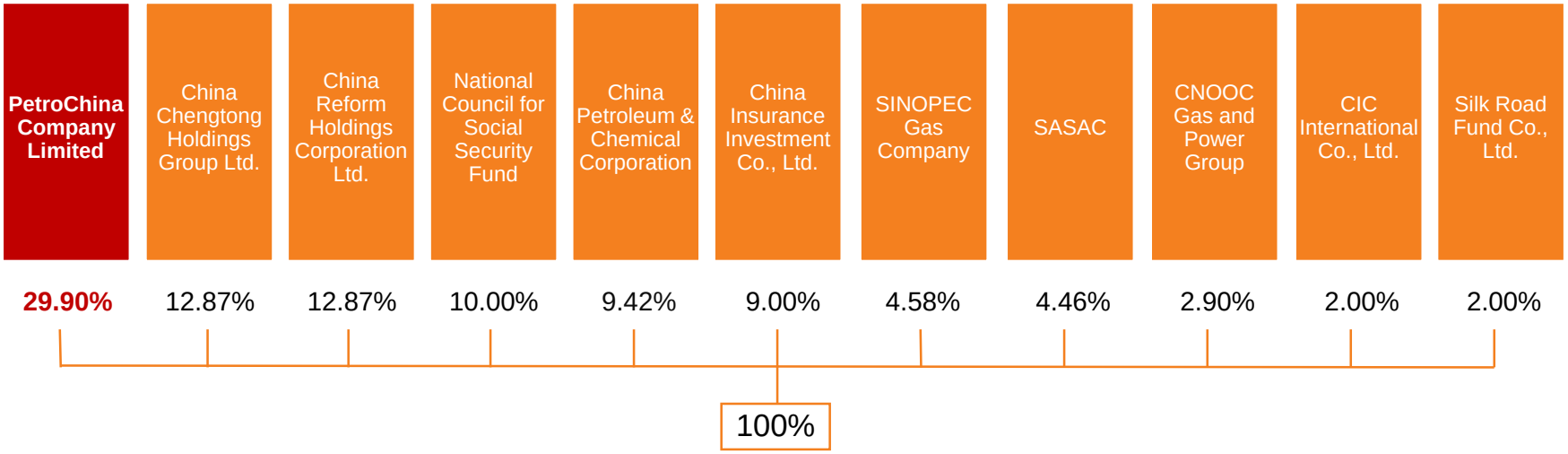
Shareholding Structure of PipeChina



China Oil&Gas Pipeline Network Corporation

(Registered capital of RMB500 billion)

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Transactions Timetable

Transaction Timetable	
23 July	Approval of the board of directors on the Transactions and the Agreements and release announcement
12 August	Shareholder circular dispatch
28 September	Extraordinary General Meeting
30 September	Completion of the Transactions, subject to satisfaction of conditions precedent

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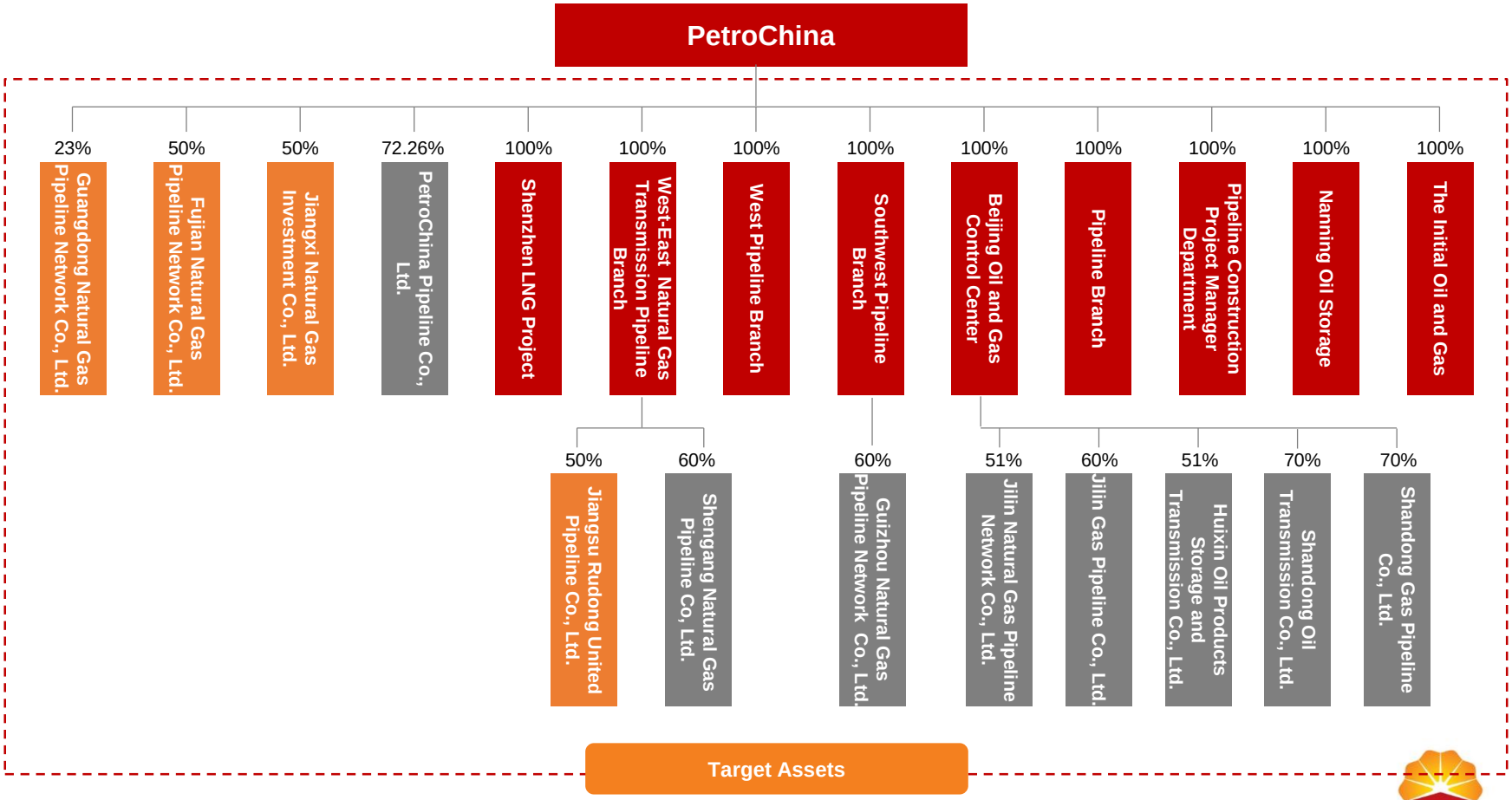
Overview of Target Assets

- According to audited data as of Appraisal Base Date of December 31, 2019, the total assets for the shares and assets in the Transactions amount to RMB 378.08 billion, accounting for 13.8% of the Company's total assets, and the book value of net assets is RMB 222.88 billion, accounting for 18.1% of the Company's net assets



Transactions Consideration

- The appraised value of the Target Assets is around RMB268.7 billion with the appraisal premium of around RMB45.82 billion

- The transactions consideration was based on the appraised value of the Target Assets, being approximately RMB268.7 billion. The final consideration shall be determined with reference to the profit and loss during the Transitional Period, the subsequent adjustment items after the Base Date and the value of the Initial Oil and Gas at the time of delivery, and determined after audits

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Use of Cash

Returns to Shareholder	Part of the cash will be distributed to Shareholders in dividends
Investments	Development of upstream exploration and production and downstream business to further increase the value of oil and gas industry chain Transformational development of the Company to a green and low-carbon model with more investments in the fields of new energy and new materials
Capital Structure Optimization	Repayment of debts in order to optimize the Company's capital structure

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Synergy with PipeChina

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- Make full use of the nationwide oil and gas storage and transmission facilities to improve operational efficiency and value creation capabilities
- Receive medium- and long-term investment returns from PipeChina

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- Pipeline investment, construction, operations and maintenance of the national pipeline network, effectively promoting the interconnection of pipeline infrastructure and optimizing the operation of resources
- Disengage from oil and gas exploration and exploitation, import and export, and production and sales business

Cooperation in oil and gas pipeline transmission business

- Entered into the Operation Agreement
- Ensure the orderly and smooth transition of the oil and gas pipeline business

- Further improve operational efficiency
- Help reduce the cost of pipeline transportation

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Actively Participate in Corporate Governance of PipeChina

PetroChina with two board seats

Participate in decision-making on major operational and financial matters such as future pipeline network operations and investment and financing plans, budget preparation, financial reports, dividend distribution, etc.

Protect the interests of the Company and its shareholders

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Risk Disclaimers

- Upon completion of the Transactions, PetroChina Pipelines Co., Ltd., Pipeline Branch, and other subsidiaries of the Company will no longer be consolidated into the financial statements of the Group; associated companies or joint ventures will no longer apply the equity method for accounting

- The net earnings from the restructuring of the Transactions will only be determined after the completion of the closing audit

- The Company and PipeChina have clarified the rights, obligations and risk assumptions of the reorganized pipeline asset management after the Transactions in the relevant agreement. However, there is still a certain degree of uncertainty regarding the specific implementation effect of the future operation-related arrangements of the reorganized pipeline assets

- Upon completion of the Transactions, the Company will be entitled to receive the returns on the equity investment it has in PipeChina and gain relatively stable long-term return. However, due to changes in the national pricing policy on oil and gas pipeline transmission, downstream market demands and other factors, the profitability of PipeChina in the future is subject to uncertainty

- The Transactions are subject to certain closing conditions that can be fulfilled or waived before implementation, including the general meeting, approval by relevant government authorities, and review of regulatory agency. The Transactions still have uncertainties

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Market-Based Transactions to Ensure Fairness

- In order to ensure the fairness of the Transactions, the Company closely followed relevant laws and regulations as well as market principles, and engaged relevant intermediaries to assist the Company in the Transactions and provide professional advice

- Auditor - KPMG
- Asset Appraiser - China United Assets Appraisal Group Co., Ltd
- Financial Advisors - Goldman Sachs (Asia) L.L.C., UBS Securities Co. Limited(UBS AG Hong Kong Branch) and China Securities (International) Corporate Finance Company Limited
- Legal Counsels - Guantao Law Firm, Freshfields Bruckhaus Deringer, and Shearman & Sterling
- Tax Consultant - Ernst & Young
- Corporate Governance and Operation Consultant - PwC

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PetroChina's Strategies and Outlook

Implementation of Strategies

Innovation

Resources

Market

Internationalization

Green and Low-carbon Strategy

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Strategic Initiatives

1. Actively Develop Exploration and Production Business
2. Efficiently Develop Refining and Chemical Business and Marketing Business
3. Accelerate the Development of Natural Gas Business
4. Optimize the Development of Overseas Business
5. Accelerate Digital Transformation and Development of New Energy Business
6. Focus more on technological innovation, and technology serves as supporting and leading element

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Key Development Targets

Stabilize Oil & Grow Gas

- ✓ Maintain effective and stable production in domestic crude oil production
- ✓ Grow rapidly in natural gas production
- ✓ Gradually increase overseas net oil and gas production

Control Refining & Grow Chemicals

- ✓ Optimize refining and chemical structure
- ✓ Continue to increase output of high value-added products
- ✓ Continue to increase end-user sales capacity and profitability of refined oil products

Green & Low-carbon

- ✓ Further improve the natural gas industry value chain
- ✓ Accelerate the integration of natural gas and new energy (wind, solar, hydrogen, geothermal, etc.) businesses
- ✓ Shift to green and low-carbon development

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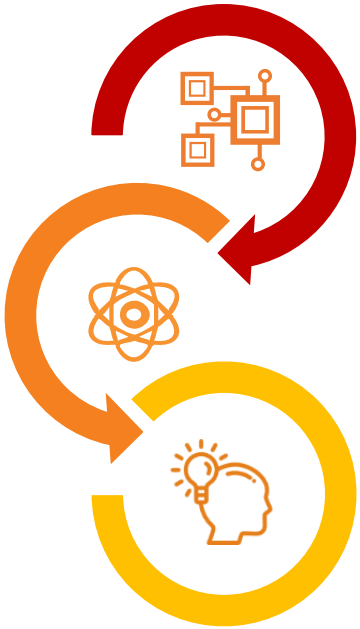
Transformation to a Low-carbon Development Model with Focus on Natural Gas Business



Leverage our strengths in the industrial chain

Further reduce cost of resource

Accelerate the layout of diversified natural gas business

Strengthen differentiated marketing, lock in target markets and key projects for a more diversified natural gas business

New model of natural gas sales business

Improve operational efficiency

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Q&A Session

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

Investor Relations
Tel: (852)2899-2010
Fax: (852)2899-2390
Email: hko@petrochina.com.hk

Media Relations
Tel: (852)2894-6231
Fax: (852)2576-1990
Email: petrochina@hkstrategies.com