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

# **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)

## **ANNOUNCEMENT**

### **Third Quarterly Report of 2020**

#### **1. Important Notice**

- 1.1. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and Senior Management of PetroChina Company Limited (the "Company") warrant that there are no material omissions from, or misrepresentation or misleading statements contained in this quarterly report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report.
- 1.2. This quarterly report has been approved at the eighth meeting of the Board of Directors of the Company in 2020. All Directors have attended the meeting of the Board of Directors.
- 1.3. Mr. Dai Houliang, Chairman of the Board of Directors of the Company, Mr. Duan Liangwei, Director and President of the Company, and Mr. Chai Shouping, Chief Financial Officer of the Company, warrant the truthfulness, accuracy and completeness of the financial statements set out in this quarterly report.
- 1.4. The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with the China Accounting Standards ("CAS") and the International Financial Reporting Standards ("IFRS"), respectively. The financial statements for the third quarterly report of the Company is unaudited.

## 2. Basic Information of the Company

### 2.1 Key Financial Data

#### 2.1.1 Key Financial Data and Financial Indicators Prepared under IFRS

Unit: RMB Million

| Items  | As at the end of the reporting period | As at the end of the preceding year | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|---------------------------------------|-------------------------------------|---|
|  | Total assets                          | 2,566,644                           | 2,732,910   |
| Equity attributable to owners of the Company | 1,210,287                             | 1,230,156                           | (1.6)   |

  

| Items | From the beginning of the year to the end of the reporting period | From the beginning of the preceding year to the end of the preceding reporting period | Changes over the same period of the preceding year (%) |
|-------|---|---|--|
|       | Net cash flows from operating activities                          | 163,303   | 239,396  |

Unit: RMB Million

| Items  | For the three months ended September 30 (July-September) |       |  | For the nine months ended September 30 (January-September) |        |  |
|--|--|-------|--|--|--------|--|
|  | 2020   | 2019  | Changes over the same period of the preceding year (%) | 2020   | 2019   | Changes over the same period of the preceding year (%) |
|  |  |       |  |  |        |  |
| Profit attributable to owners of the Company | 40,050   | 8,830 | 353.6  | 10,067   | 37,253 | (73.0)   |
| Return on net assets (%)                     | 3.31   | 0.72  | 2.59 percentage points                                 | 0.83   | 3.04   | (2.21) percentage points                               |
| Basic earnings per share (RMB Yuan)          | 0.219  | 0.048 | 353.6  | 0.055  | 0.204  | (73.0)   |
| Diluted earnings per share (RMB Yuan)        | 0.219  | 0.048 | 353.6  | 0.055  | 0.204  | (73.0)   |

Note: The Company sold its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to China Oil&Gas Pipeline Network Corporation (“PipeChina”) for its equity interests and corresponding cash consideration. On September 30, 2020, all of the conditions precedent set out in the Transaction Agreements have been satisfied, and the corresponding ownership and risk were passed to PipeChina. (Please see Section 3.6 for details)

## 2.1.2 Key Financial Data and Financial Indicators Prepared under CAS

Unit: RMB Million

| Items  | As at the end of the reporting period | As at the end of the preceding year | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|---------------------------------------|-------------------------------------|---|
| Total assets   | 2,566,916                             | 2,733,190                           | (6.1)   |
| Equity attributable to equity holders of the Company | 1,210,550                             | 1,230,428                           | (1.6)   |

  

| Items                                    | From the beginning of the year to the end of the reporting period | From the beginning of the preceding year to the end of the preceding reporting period | Changes over the same period of the preceding year (%) |
|--|---|---|--|
| Net cash flows from operating activities | 163,303   | 239,396   | (31.8)   |

Unit: RMB Million

| Items  | For the three months ended September 30 (July-September) |         |  | For the nine months ended September 30 (January-September) |           |  |
|--|--|---------|--|--|-----------|--|
|  | 2020   | 2019    | Changes over the same period of the preceding year (%) | 2020   | 2019      | Changes over the same period of the preceding year (%) |
| Operating income   | 497,125  | 618,143 | (19.6)   | 1,426,170  | 1,814,402 | (21.4)   |
| Net profit attributable to equity holders of the Company   | 40,050   | 8,862   | 351.9  | 10,064   | 37,282    | (73.0)   |
| Net profit after deducting non-recurring profit/loss items attributable to equity holders of the Company | 8,586  | 10,272  | (16.4)   | (23,204)   | 40,658    | (157.1)  |
| Weighted average return on net assets (%)  | 3.34   | 0.73    | 2.61 percentage points                                 | 0.82   | 3.06      | (2.24) percentage points                               |
| Basic earnings per share (RMB Yuan)  | 0.219  | 0.048   | 351.9  | 0.055  | 0.204     | (73.0)   |
| Diluted earnings per share (RMB Yuan)  | 0.219  | 0.048   | 351.9  | 0.055  | 0.204     | (73.0)   |

Unit: RMB Million

| <b>Non-recurring profit/loss items</b>                                    | <b>For the nine months ended September 30, 2020 profit/(loss)</b> |
|---|---|
| Net loss on disposal of non-current assets                                | (1,545)   |
| Government grants recognised in the income statement                      | 381   |
| Reversal of provisions for bad debts against receivables                  | 22  |
| Net profit or loss on disposal of associated companies and joint ventures | 4   |
| Net profit or loss arising from disposal of subsidiary                    | 331   |
| Net profit arising from restructuring of pipeline assets                  | 45,820  |
| Other non-operating income and expenses                                   | 2,678   |
| Sub-total   | 47,691  |
| Tax impact of non-recurring profit/loss items                             | (14,404)  |
| Impact of non-controlling interests                                       | (19)  |
| Total   | 33,268  |

### 2.1.3 Differences between CAS and IFRS

Applicable       Inapplicable

The consolidated net profit for the nine months ended September 30, 2020 under IFRS and CAS were RMB20,678 million and RMB20,675 million, respectively, with a difference of RMB3 million; the consolidated shareholders' equity as at the end of the reporting period under IFRS and CAS were RMB1,360,985 million and RMB1,361,249 million, respectively, with a difference of RMB264 million, which was primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999. During the restructuring in 1999, a valuation was carried out for assets and liabilities injected by China National Petroleum Corporation (中國石油天然氣集團公司, now renamed 中國石油天然氣集團有限公司 on 19 December 2017, "CNPC" before and after the change of name). The valuation results on assets other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

2.2 Total Number of Shareholders, Shareholdings of Top Ten Shareholders and Shareholdings of Top Ten Holders of Marketable Shares (or Holders of Shares Without Selling Restrictions) as at the End of the Reporting Period

|  |  |  |                                |   |   |
|--|--|--|--------------------------------|---|---|
| <b>Number of shareholders as at the end of the reporting period</b>    | 706,651 shareholders including 700,383 holders of A shares and 6,268 holders of H shares (including 148 holders of the American Depository Shares) |  |                                |   |   |
| <b>Shareholdings of the top ten shareholders</b>                       |  |  |                                |   |   |
| <b>Name of shareholders</b>  | <b>Nature of shareholder</b>   | <b>Percentage of Shareholdings (%)</b> | <b>Number of shares held</b>   | <b>Number of shares with selling restrictions</b> | <b>Number of pledged or frozen shares</b> |
| CNPC   | State-owned Legal Person   | 80.25                                  | 146,882,339,136 <sup>(1)</sup> | 0   | 0   |
| HKSCC Nominees Limited <sup>(2)</sup>                                  | Overseas Legal Person  | 11.42                                  | 20,894,384,550 <sup>(3)</sup>  | 0   | 0   |
| CNPC-CSC-17 CNPC E2 Pledge and Trust Special Account                   | State-owned Legal Person   | 2.09                                   | 3,819,972,916                  | 0   | 3,819,972,916                             |
| CNPC-CSC-17 CNPC EB Pledge and Trust Special Account                   | State-owned Legal Person   | 1.12                                   | 2,051,488,603                  | 0   | 2,051,488,603                             |
| China Securities Finance Corporation Limited                           | State-owned Legal Person   | 0.62                                   | 1,139,138,704                  | 0   | 0   |
| China Metallurgical Group Corporation                                  | State-owned Legal Person   | 0.31                                   | 560,000,000                    | 0   | 0   |
| China Baowu Steel Group Corporation Limited                            | State-owned Legal Person   | 0.23                                   | 425,874,926                    | 0   | 0   |
| Hong Kong Securities Clearing Company Limited (“HKSCC”) <sup>(4)</sup> | Overseas Legal Person  | 0.18                                   | 322,347,283                    | 0   | 0   |
| Ansteel Group Corporation  | State-owned Legal Person   | 0.12                                   | 220,000,000                    | 0   | 0   |
| Central Huijin Asset Management Ltd.                                   | State-owned Legal Person   | 0.11                                   | 206,109,200                    | 0   | 0   |

| <b>Shareholdings of the top ten shareholders without selling restrictions</b>  |                              |                       |
|--|------------------------------|-----------------------|
| <b>Name of shareholders</b>  | <b>Number of shares held</b> | <b>Type of shares</b> |
| CNPC   | 146,882,339,136              | A shares              |
| HKSCC Nominees Limited   | 20,894,384,550               | H shares              |
| CNPC-CSC-17 CNPC E2 Pledge and Trust Special Account   | 3,819,972,916                | A shares              |
| CNPC-CSC-17 CNPC EB Pledge and Trust Special Account   | 2,051,488,603                | A shares              |
| China Securities Finance Corporation Limited   | 1,139,138,704                | A shares              |
| China Metallurgical Group Corporation  | 560,000,000                  | A shares              |
| China Baowu Steel Group Corporation Limited  | 425,874,926                  | A shares              |
| Hong Kong Securities Clearing Company Limited  | 322,347,283                  | A shares              |
| Ansteel Group Corporation  | 220,000,000                  | A shares              |
| Central Huijin Asset Management Ltd.   | 206,109,200                  | A shares              |
| Statement on the connection or activities acting in concert among the above-mentioned shareholders:<br>Except for HKSCC Nominees Limited and HKSCC that are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited, the Company is not aware of any connection among or between the other top ten shareholders or that they are persons acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies. |                              |                       |

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

*(2) HKSCC Nominees Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited and acts as 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 issued shares of the Company. These shares were held in the name of HKSCC Nominees Limited.*

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

### 2.3 Number of Shareholders of Preferred Shares, Shareholdings of Top Ten Shareholders of Preferred Shares and Shareholdings of Top Ten Shareholders of Preferred Shares without Selling Restrictions as at the End of the Reporting Period

Applicable     Inapplicable

## 2.4 Business Review

In the first three quarters in 2020, the global economy was in deep recession affected by the Coronavirus Disease 2019 (“COVID-19”), which in turn further loosened supply and demand balance in the international oil market. After witnessing a cliff-like drop, the international crude oil price recorded a sluggish rebound and is currently fluctuating at low level. There was a significant decrease in the average international oil prices as compared with the same period of last year, in which the average spot price of North Sea Brent crude oil and the average spot price of the West Texas Intermediate (“WTI”) crude oil were US\$40.99 per barrel and US\$38.13 per barrel, representing a decline of 36.5% and 33.2% as compared with the same period of last year, respectively. As China managed to bring COVID-19 under effective control, the domestic macro-economic operation has been recovering steadily with signs of improvement quarter-by-quarter and there was a change in the domestic economic growth in the first three quarters from negative growth to positive growth. According to the data published by the National Bureau of Statistics of China, the gross domestic product (GDP) in the third quarter recorded a 2.7% increase on a quarter-on-quarter basis and a 4.9% increase on a year-on-year basis, and there was also a 0.7% growth in the GDP of the first three quarters as compared with the same period of last year. In addition, the imbalance between the supply and demand arising from the abundant production capability in the domestic refined products market was further widened. There was also a drop in the demand growth in the natural gas market, but the situation of supply over demand is changing better.

In facing of the complicated and severe economic landscape within and outside China, the Group maintained the strategic strength, strengthened the bottom-line thinking, adhered to high-quality development, while sticking to law-abiding and compliant corporate governance following the governance principles of professional development, market-oriented operation, lean management and integrated planning. The Group paid more attention to green and low-carbon development, digital transformation, intelligent development and value creation to promote quality and profitability improvement. The Group coordinated the prevention and control of COVID-19 and facilitating its production and operation and also its reform and development. Pipeline assets restructuring was completed smoothly based on the market-oriented principle. The Group continued to promote the modernisation of its corporate governance system and capability and proactively took special actions to improve quality and profitability. As a result, the Group maintained stable production and operation under control.

In the first three quarters of 2020, the average realised price for crude oil of the Group was US\$40.06 per barrel, representing a decrease of 34.9% as compared with the same period of last year, of which the domestic realised price was US\$41.43 per barrel, representing a decrease of 32.5% as compared with the same period of last year. The average realised price for natural gas was US\$4.61 per thousand cubic feet, representing a decrease of 16.0% as compared with the same period of last year, of which the domestic realised price was US\$5.25 per thousand cubic feet, representing a decrease of 11.6% as compared with the same period of last year. In light of the adverse situation arising from the sharp fall in oil and gas prices, the Group facilitated the implementation of initiatives to improve both quality and profitability and enhanced its control over capital expenditure and also costs and expenses. There was a 7.8% year-on-year decrease in the capital expenditure in cash, a 10.7% year-on-year decrease in the unit oil and gas lifting cost, a 4.3% year-on-year decrease in employee compensation costs and a 7.9% year-on-year decrease in the selling and administrative expenses. The operating results of the first three quarters returned from negative to positive. According to IFRS, the Group generated a revenue of RMB1,426,170 million and a net profit attributable to owners of the Company of RMB10,067 million. The operating results have been improving on a quarter-by-quarter basis, which is evidenced by the fact that the net profit attributable to owners of the Company realised in the third quarter stood at RMB40,050 million, representing a substantial quarter-on-quarter increase of RMB53,803 million from the previous loss, or a substantial increase of RMB21,803 million from the previous loss after excluding the profit generated from pipeline assets restructuring. The financial position of the Group was generally stable. The free cash flows turned positive in the first three quarters of 2020 from negative in the first half of 2020.

In respect of domestic exploration and production business, the Group continued to optimise the deployment of its exploration activities and to strengthen its comprehensive

geological research and the risk exploration target research. By focusing on launching sizeable and profitable exploration activities in large basins and key areas, the Group made important discoveries and strategic breakthroughs in Tarim, Sichuan, Junggar, Erdos and other basins. In adhering to the practice of stressing both the production quantity and profitability, the Group on one hand secured the stable production in the existing oil fields and on the other hand focused on building up its centralised production capacity in a sizeable and profitable manner so as to strictly control its investments as well as production and operating costs, and in turn to promote improvements in terms of both production and proficiency. For overseas operation, in addition to coordinate the safe and stable operation of its existing projects and the development of new projects, the Group also stepped up its efforts in the prevention and control of risks, including those arising from COVID-19. In the first three quarters of 2020, the crude oil output from the Group amounted to 701.2 million barrels, representing an increase of 2.7% as compared with the same period of last year. The marketable natural gas output of the Group amounted to 3,079.8 billion cubic feet, representing an increase of 6.5% as compared with the same period of last year, of which the domestic marketable natural gas output of the Group amounted to 2,907.4 billion cubic feet, representing an increase of 8.2% as compared with the same period of last year. The oil and gas equivalent output was 1,214.6 million barrels, representing an increase of 4.3% as compared with the same period of last year, of which the domestic oil and gas equivalent output was 1,044.7 million barrels, representing an increase of 4.0% as compared with the same period of last year. The overseas oil and gas equivalent output was 169.9 million barrels, representing an increase of 6.2% as compared with the same period of last year. The unit oil and gas lifting cost was US\$10.07 per barrel, representing a decrease of 10.7% as compared with the same period of last year. Due to the combined effect of factors such as the decrease in price of crude oil and increase in the sales volume of crude oil and natural gas, the exploration and production segment generated an operating profit of RMB20,000 million, representing a decrease of 74.0% as compared with RMB76,935 million for the same period of last year. In the third quarter of 2020, the exploration and production segment generated an operating profit of RMB9,649 million, representing a quarter-on-quarter increase of RMB14,181 million in profit from the loss of the second quarter of 2020.

In respect of refining and chemicals business, the Group strengthened its production and operation by optimising the connection between production and sales in order to ensure a safe and stable operation in circumstances where production facilities were operated in low load. At the same time of adhering to the market-oriented approach, the Group also proactively promoted the reduction of refined products and the increase in chemical products with an aim to optimise its product structure through dynamic adjustment and, in turn, to increase the output of value-added products. The Group also intensified its efforts in controlling its costs and expenses as a mean to improve its competitiveness in cost. In the first three quarters of 2020, the Group processed a total amount of 877.3 million barrels of crude oil, representing a decrease of 3.2% as compared with the same period of last year. The Group produced 80.192 million tons of gasoline, diesel and kerosene, representing a decrease of 7.4% as compared with the same period of last year. The output of chemical products amounted to 21.511 million tons, representing an increase of 14.4% as compared with the same period of last year. Due to the combined effect of factors such as the decrease in demand, the fall in price, the reduction in margin and also the decline in profit from inventories prevailing in the domestic refined oil market, the refining and chemicals segment recorded in the first three quarters in 2020 an operating loss of RMB1,668 million, representing a decrease of 118.5% as compared with RMB9,004 million in profit for the same period of last year, of which the refining operations recorded an operating loss of RMB8,270 million, representing a decrease of 256.6% as compared with RMB5,281 million in profit for the same period of last year, and the chemicals operations achieved an operating profit of RMB6,602 million, representing an increase of 77.3% as compared with RMB3,723 million for the same period of last year. In the third quarter of 2020, the refining and chemicals segment generated an operating profit of RMB8,872 million, representing a quarter-on-quarter increase of RMB10,703 million in profit from the loss of the second quarter of 2020.

In respect of marketing business, the Group adopted proactive actions to cope with adversities arising from the decline in market demand, which included intensifying its sales efforts, diligently improving price realisation rate and stringently controlling its marketing costs. Through enhancing the coordination between production and sales, the Group was able



to effectively control its inventory scale. Further, the Group made flexible adjustments to its product export based on changes prevailing in the market as well as the change in prices in order to improve the overall profitability of the industry chain. In the first three quarters of 2020, the marketing segment sold 120.645 million tons of gasoline, kerosene and diesel, representing an decrease of 13.0% as compared with the same period of last year, of which the marketing segment domestically sold 77.837 million tons of gasoline, kerosene and diesel, representing an decrease of 12.9% as compared with the same period of last year. However, due to the impact brought by factors such as the decrease in sales volume, fall in price and decline in profit from inventories prevailing in domestic refined oil market, the marketing segment recorded an operating loss of RMB4,936 million, representing an increase in loss of RMB3,487 million as compared with RMB1,449 million for the same period of last year. In the third quarter of 2020, the marketing segment generated an operating profit of RMB7,956 million, representing a quarter-on-quarter increase of RMB4,262 million from the second quarter of 2020.

In respect of natural gas and pipeline business, by following the market-oriented and profitability-focused approach, the Group proactively conducted research and evaluation towards seasonal gas consumption pattern and market competition environment, and subsequently developed differentiated marketing strategies targeted at different regions, industries and clientele. Additionally, the Group focused on source control and conducted dynamic tracking to analyse the international gas price trend and strive to lower the natural gas procurement costs. The Group continued to enhance its effort in exploring end user markets and to improve its market shares. The Group strengthened the safety and also the management of pipeline operations, and steadily promoted the restructuring of its pipeline assets by following the market-oriented principles. In the first three quarters of 2020, due to the combined effect of factors such as the decrease in both the sales volume and price of natural gas and also the impact brought by the profit from pipeline assets restructuring, the natural gas and pipeline segment generated an operating profit of RMB57,707 million (including certain profit from pipeline assets restructuring) , representing an increase of 162.9% as compared with RMB21,950 million in profit for the same period of last year. Due to the effect from the decrease in procurement costs and reduction in procurement amount, the net loss incurred from sales of imported gas and liquified nature gas (LNG) in the natural gas and pipeline segment amounted to RMB17,548 million, representing a significant decrease in loss of RMB4,216 million as compared with the same period of last year. The Group will make further efforts in controlling loss caused by imported gas by controlling the import volume, lowering import costs together with other relevant measures. In the third quarter of 2020, the natural gas and pipeline segment generated an operating profit of RMB43,335 million, representing a quarter-on-quarter increase of RMB40,322 million from the second quarter of 2020.

Note: In 2020, in order to optimise production, operation and management, the Group shifted PetroChina Fuel Oil Company Limited and PetroChina Lubricant Company from the Marketing segment to the Refining and Chemicals segment. Accordingly, the comparative data in respect of Refining and Chemicals segment and also the Marketing segment against those of the same period of last year have been restated, which implies that the two companies mentioned above shall be deemed to have been incorporated in the Refining and Chemical segment since the earliest financial reporting period presented.

## Summary of Key Operating Data for the First Three Quarters of 2020

| Operating Data                               | Unit               | For the nine months ended September 30 |         | Changes over the same period of the preceding year (%) |
|--|--------------------|--|---------|--|
|  |                    | 2020                                   | 2019    |  |
| Total crude oil output                       | Million barrels    | 701.2                                  | 682.7   | 2.7  |
| of which: domestic                           | Million barrels    | 560.0                                  | 556.9   | 0.6  |
| overseas                                     | Million barrels    | 141.2                                  | 125.8   | 12.2   |
| Marketable natural gas output                | Billion cubic feet | 3,079.8                                | 2,892.8 | 6.5  |
| of which: domestic                           | Billion cubic feet | 2,907.4                                | 2,688.0 | 8.2  |
| overseas                                     | Billion cubic feet | 172.4                                  | 204.8   | (15.8)   |
| Oil and natural gas equivalent output        | Million barrels    | 1,214.6                                | 1,165.0 | 4.3  |
| of which: domestic                           | Million barrels    | 1,044.7                                | 1,005.0 | 4.0  |
| overseas                                     | Million barrels    | 169.9                                  | 160.0   | 6.2  |
| Processed crude oil                          | Million barrels    | 877.3                                  | 905.9   | (3.2)  |
| Gasoline, kerosene and diesel output         | Thousand tons      | 80,192                                 | 86,583  | (7.4)  |
| of which: Gasoline                           | Thousand tons      | 34,007                                 | 37,084  | (8.3)  |
| Kerosene                                     | Thousand tons      | 7,186                                  | 9,378   | (23.4)   |
| Diesel                                       | Thousand tons      | 38,999                                 | 40,121  | (2.8)  |
| Gasoline, kerosene and diesel gross sales    | Thousand tons      | 120,645                                | 138,680 | (13.0)   |
| of which: Gasoline                           | Thousand tons      | 50,251                                 | 56,850  | (11.6)   |
| Kerosene                                     | Thousand tons      | 10,264                                 | 15,020  | (31.7)   |
| Diesel                                       | Thousand tons      | 60,130                                 | 66,810  | (10.0)   |
| Gasoline, kerosene and diesel domestic sales | Thousand tons      | 77,837                                 | 89,384  | (12.9)   |
| of which: Gasoline                           | Thousand tons      | 36,349                                 | 40,326  | (9.9)  |
| Kerosene                                     | Thousand tons      | 5,402                                  | 6,423   | (15.9)   |
| Diesel                                       | Thousand tons      | 36,086                                 | 42,635  | (15.4)   |
| Output of key chemical products              |                    |  |         |  |
| Ethylene                                     | Thousand tons      | 4,714                                  | 4,290   | 9.9  |
| Synthetic resin                              | Thousand tons      | 7,637                                  | 7,018   | 8.8  |
| Synthetic fibre raw materials and polymer    | Thousand tons      | 953                                    | 983     | (3.1)  |
| Synthetic rubber                             | Thousand tons      | 743                                    | 669     | 11.1   |
| Urea   | Thousand tons      | 1,634                                  | 919     | 77.8   |

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

| Number of self-operated gas station and convenience store | Unit    | As at September 30, 2020 | As at December 31, 2019 | Changes over the same period of the preceding year (%) |
|---|---------|--------------------------|-------------------------|--|
| Number of self-operated gas station                       | station | 22,523                   | 22,365                  | 0.7  |
| Number of convenience store                               | store   | 20,521                   | 20,021                  | 2.5  |

### 3. Significant Events

#### 3.1 Significant changes in key accounting items and financial indicators under CAS and explanation of such changes

√ Applicable      □ Inapplicable

Unit: RMB Million

| Items                       | September 30, 2020 | December 31, 2019 | Changes (%) | Key explanation of the changes   |
|-----------------------------|--------------------|-------------------|-------------|--|
| Accounts receivable         | 159,664            | 64,184            | 148.8       | Mainly due to corresponding cash consideration receipts from the pipeline assets restructuring for the Company sold its major oil and gas pipelines, certain gas storage facilities, LNG terminals and other related assets to PipeChina |
| Advances to suppliers       | 28,479             | 17,038            | 67.1        | Mainly due to the increase in prepayments such as those for goods and materials  |
| Other receivables           | 28,965             | 21,199            | 36.6        | Mainly due to the pipeline assets restructuring, the one-off dividend distribution of PetroChina Pipelines Co., Ltd. in September led to the increase in dividend receivables  |
| Long-term equity Investment | 251,116            | 102,165           | 145.8       | Mainly due to corresponding equity interests from the pipeline assets restructuring for the Company sold major oil and gas pipelines, certain gas storage facilities, LNG terminals and other related assets to PipeChina                |
| Fixed Asset                 | 436,289            | 703,414           | (38.0)      | Mainly due to the pipeline assets restructuring, the Company sold related assets to PipeChina  |
| Goodwill                    | 8,485              | 42,808            | (80.2)      | Mainly due to the goodwill of related pipeline companies was transferred along with the pipeline assets restructuring  |
| Deferred tax asset          | 10,359             | 24,259            | (57.3)      | Mainly due to the changes of related deferred income tax expenses from pipeline assets restructuring   |
| Other non-current assets    | 38,779             | 28,169            | 37.7        | Mainly due to the increase in prepayments for large equipment and time deposits with maturities over one year  |
| Taxes payable               | 43,554             | 67,382            | (35.4)      | Mainly due to the decrease in the outstanding amount of taxes payable as compared with that at the end of last year  |
| Other Payables              | 89,865             | 34,699            | 159.0       | Mainly due to the increase in accrued expenses and other business accounts payables  |
| Other current liabilities   | 53,454             | 30,048            | 77.9        | Mainly due to the increase of ultra short term financing bond  |

| Items  | For the nine months ended<br>September 30 |         | Changes<br>(%) | Key explanation of the changes   |
|--|---|---------|----------------|--|
|  | 2020                                      | 2019    |                |  |
| Net investment income                                | 45,706                                    | 7,123   | 541.7          | Mainly due to gains recognised due to the pipeline assets restructuring  |
| Credit losses  | 381                                       | (732)   | (152.0)        | Mainly due to the increase in provision for bad debt of account receivable   |
| Asset impairment losses                              | 8,112                                     | 777     | 944.0          | Mainly due to the increase in provision for inventory depreciation   |
| Gains on asset disposals                             | 929                                       | 203     | 357.6          | Mainly due to the increase in disposal of assets with low and no efficiency  |
| Non-operating expenses                               | 2,165                                     | 8,051   | (73.1)         | Mainly due to the decrease in the loss on retirement of assets   |
| Net cash flows from operating activities             | 163,303                                   | 239,396 | (31.8)         | Mainly due to the decrease in cash received from sales of goods and rendering of services, and changes in working capitals |
| Net cash flows from/ (used for) financing activities | 4,803                                     | (9,151) | (152.5)        | Mainly due to the increase of net borrowings   |

3.2 Developments and impacts of significant events as well as the analysis of and explanation for the solutions

Applicable Inapplicable

3.3 Status of fulfilment of undertakings given by the Company and shareholders with a shareholding of 5% or more

Applicable Inapplicable

During the reporting period, the undertaking given by CNPC, the controlling shareholder of the Company, and the fulfilment thereof were consistent with the information disclosed in the section headed “Significant Events” of the 2020 Interim Report of the Company. There have been no events affecting the performance of these undertakings.

3.4 Caution and explanation as to the anticipated accumulated losses or significant changes over the same period of the preceding year

Applicable Inapplicable

3.5 Securities Investment

Applicable Inapplicable

3.6 Other Significant Events

Applicable Inapplicable

Transaction on restructuring of pipeline assets

On July 23, 2020, the Company entered into the Framework Agreement on Transaction of Oil and Gas Pipeline Relevant Assets and 10 sub-agreements including the Equity Acquisition Agreement on PetroChina Pipeline Co., Ltd., and the Production and Operation Agreement with PipeChina upon approval by sixth meeting of the Board of Directors of the Company in 2020 and forth meeting of the Supervisory Committee of the Company in 2020. The Company sold its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to PipeChina for 29.9% of its equity interests and corresponding cash consideration (the “Transaction”). The consideration of the Transaction is based on the appraised value on December 31, 2019 (as the base date), taking into account factors such as the profit and loss during the transition period, subsequent adjustment events and the price at the timing of the delivery of initial oil and gas assets, which will be determined after audit.

On September 28, 2020, the Transaction was reviewed and approved by the second extraordinary general meeting of the Company in 2020, with a support rate of 99.9963%.

On September 30, 2020, all of the conditions precedent set out in the Transaction Agreements have been satisfied. The ownership and risk of the Target Assets were passed to PipeChina at 24:00 on September 30, 2020.

The total assets sold in the Transaction amounted to RMB354,075 million, the book value of net assets attributable to the owners of the Company was RMB201,428 million, and the transaction value was RMB247,248 million. As the consideration, the Company recognised a long-term equity investment of RMB149,500 million in the PipeChina, and received a consideration in cash of RMB97,748 million. For the Transaction, the Company recognised profit before taxation of RMB45,820 million and net profit after taxation of

RMB32,000 million. The difference between the relevant amount and the amount set out in the circular of the Company dated 12 August 2020 on the Hong Kong Stock Exchange is mainly due to the change in price and quantity of the initial oil and gas and profits distribution to the Company in advance made by certain pipeline enterprises. The audit for closing is in the process and the final consideration and the profit arising from restructuring will be determined based on the results of audit.

For details, please refer to the announcements published by the Company on the Shanghai Stock Exchange (with the announcement numbers of Lin 2020-032, Lin 2020-041, and Lin 2020-042 respectively) and the announcements published by the Company on the Hong Kong Stock Exchange on July 23, 2020, September 28, 2020, and September 30, 2020.

Such matter does not affect the continuity of the business or the stability of management of the Group, it may have an impact on the operating results of the Group's natural gas and pipeline business in the short term, and be conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results in the long term.

By Order of the Board of Directors  
PetroChina Company Limited  
Dai Houliang  
Chairman  
Beijing, the PRC  
October 29, 2020

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Dai Houliang as the Chairman; Mr. Li Fanrong as Vice Chairman and non-executive director; Mr. Liu Yuezhen, Mr. Jiao Fangzheng and Mr. Huang Yongzhang as non-executive directors; Mr. Duan Liangwei as executive director; and Ms. Elsie Leung Oi-sie, Mr. Tokuchi Tatsuhito, Mr. Simon Henry, Mr. Cai Jinyong and Mr. Jiang, Simon X. as independent non-executive directors.*

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

## Appendix

### A. Financial statements for the third quarter of 2020 prepared in accordance with CAS

#### 1. Consolidated Balance Sheet

|   | <u>September 30, 2020</u> | <u>December 31, 2019</u> |
|---|---------------------------|--------------------------|
| <b>ASSETS</b>                           | <b>RMB million</b>        | <b>RMB million</b>       |
| <b>Current assets</b>                   |                           |                          |
| Cash at bank and on hand                | 106,311                   | 110,665                  |
| Accounts receivable                     | 159,664                   | 64,184                   |
| Receivables financing                   | 7,190                     | 7,016                    |
| Advances to suppliers                   | 28,479                    | 17,038                   |
| Other receivables                       | 28,965                    | 21,199                   |
| Inventories                             | 159,144                   | 181,921                  |
| Other current assets                    | 62,128                    | 64,890                   |
| <b>Total current assets</b>             | <u>551,881</u>            | <u>466,913</u>           |
| <b>Non-current assets</b>               |                           |                          |
| Investments in other equity instruments | 909                       | 930                      |
| Long-term equity investments            | 251,116                   | 102,165                  |
| Fixed assets                            | 436,289                   | 703,414                  |
| Oil and gas properties                  | 790,219                   | 831,814                  |
| Construction in progress                | 240,215                   | 247,996                  |
| Right-of-use assets                     | 145,673                   | 189,632                  |
| Intangible assets                       | 81,317                    | 84,832                   |
| Goodwill                                | 8,485                     | 42,808                   |
| Long-term prepaid expenses              | 11,674                    | 10,258                   |
| Deferred tax assets                     | 10,359                    | 24,259                   |
| Other non-current assets                | 38,779                    | 28,169                   |
| <b>Total non-current assets</b>         | <u>2,015,035</u>          | <u>2,266,277</u>         |
| <b>TOTAL ASSETS</b>                     | <u>2,566,916</u>          | <u>2,733,190</u>         |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

1. Consolidated Balance Sheet (Continued)

| <b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b>                 | <b>September 30, 2020</b> | <b>December 31, 2019</b> |
|---|---------------------------|--------------------------|
|   | <b>RMB million</b>        | <b>RMB million</b>       |
| <b>Current liabilities</b>                                      |                           |                          |
| Short-term borrowings   | 75,738                    | 70,497                   |
| Notes payable   | 13,452                    | 13,153                   |
| Accounts payable  | 188,697                   | 260,102                  |
| Contracts liabilities   | 93,316                    | 82,490                   |
| Employee compensation payable                                   | 12,202                    | 10,169                   |
| Taxes payable   | 43,554                    | 67,382                   |
| Other payables  | 89,865                    | 34,699                   |
| Current portion of non-current liabilities                      | 111,696                   | 92,879                   |
| Other current liabilities                                       | 53,454                    | 30,048                   |
| <b>Total current liabilities</b>                                | <b>681,974</b>            | <b>661,419</b>           |
| <b>Non-current liabilities</b>                                  |                           |                          |
| Long-term borrowings  | 148,439                   | 174,411                  |
| Debentures payable  | 89,379                    | 116,471                  |
| Lease liabilities   | 123,947                   | 164,143                  |
| Provisions  | 134,923                   | 137,935                  |
| Deferred tax liabilities  | 16,306                    | 21,418                   |
| Other non-current liabilities                                   | 10,699                    | 12,815                   |
| <b>Total non-current liabilities</b>                            | <b>523,693</b>            | <b>627,193</b>           |
| <b>Total liabilities</b>  | <b>1,205,667</b>          | <b>1,288,612</b>         |
| <b>Shareholders' equity</b>                                     |                           |                          |
| Share capital   | 183,021                   | 183,021                  |
| Capital surplus   | 127,085                   | 127,314                  |
| Special reserve   | 14,409                    | 12,443                   |
| Other comprehensive income                                      | (31,558)                  | (27,756)                 |
| Surplus reserves  | 197,282                   | 197,282                  |
| Undistributed profits   | 720,311                   | 738,124                  |
| <b>Equity attributable to equity holders of the<br/>Company</b> | <b>1,210,550</b>          | <b>1,230,428</b>         |
| <b>Non-controlling interests</b>                                | <b>150,699</b>            | <b>214,150</b>           |
| <b>Total shareholders' equity</b>                               | <b>1,361,249</b>          | <b>1,444,578</b>         |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b>           | <b>2,566,916</b>          | <b>2,733,190</b>         |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping



## 2. Company Balance Sheet

| ASSETS                                  | September 30, 2020<br>RMB million | December 31, 2019<br>RMB million |
|---|-----------------------------------|----------------------------------|
| <b>Current assets</b>                   |                                   |                                  |
| Cash at bank and on hand                | 10,208                            | 6,636                            |
| Accounts receivable                     | 109,591                           | 10,072                           |
| Receivables financing                   | 2,894                             | 2,538                            |
| Advances to suppliers                   | 13,895                            | 6,980                            |
| Other receivables                       | 17,448                            | 8,997                            |
| Inventories                             | 93,409                            | 117,757                          |
| Other current assets                    | 46,336                            | 47,565                           |
| <b>Total current assets</b>             | 293,781                           | 200,545                          |
| <b>Non-current assets</b>               |                                   |                                  |
| Investments in other equity instruments | 401                               | 437                              |
| Long-term equity investments            | 447,030                           | 402,584                          |
| Fixed assets                            | 252,725                           | 347,649                          |
| Oil and gas properties                  | 577,792                           | 599,230                          |
| Construction in progress                | 155,271                           | 158,823                          |
| Right-of-use assets                     | 67,518                            | 107,852                          |
| Intangible assets                       | 62,646                            | 64,530                           |
| Long-term prepaid expenses              | 8,881                             | 8,198                            |
| Deferred tax assets                     | 2,481                             | 14,725                           |
| Other non-current assets                | 14,957                            | 10,571                           |
| <b>Total non-current assets</b>         | 1,589,702                         | 1,714,599                        |
| <b>TOTAL ASSETS</b>                     | 1,883,483                         | 1,915,144                        |

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Chairman  
Dai Houliang

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Director and President  
Duan Liangwei

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Chief Financial Officer  
Chai Shouping

2. Company Balance Sheet (Continued)

| <b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b>       | <b>September 30, 2020</b> | <b>December 31, 2019</b> |
|---|---------------------------|--------------------------|
|   | <b>RMB million</b>        | <b>RMB million</b>       |
| <b>Current liabilities</b>                            |                           |                          |
| Short-term borrowings                                 | 44,779                    | 66,027                   |
| Notes payable   | 11,702                    | 12,046                   |
| Accounts payable                                      | 80,027                    | 102,780                  |
| Contracts liabilities                                 | 58,679                    | 54,014                   |
| Employee compensation payable                         | 9,903                     | 7,931                    |
| Taxes payable   | 26,248                    | 42,779                   |
| Other payables  | 102,009                   | 60,291                   |
| Current portion of non-current liabilities            | 85,255                    | 36,799                   |
| Other current liabilities                             | 47,662                    | 25,882                   |
| <b>Total current liabilities</b>                      | <b>466,264</b>            | <b>408,549</b>           |
| <b>Non-current liabilities</b>                        |                           |                          |
| Long-term borrowings                                  | 58,844                    | 110,717                  |
| Debentures payable                                    | 87,000                    | 113,000                  |
| Lease liabilities                                     | 48,459                    | 85,449                   |
| Provisions  | 99,910                    | 95,643                   |
| Other non-current liabilities                         | 5,232                     | 6,511                    |
| <b>Total non-current liabilities</b>                  | <b>299,445</b>            | <b>411,320</b>           |
| <b>Total liabilities</b>                              | <b>765,709</b>            | <b>819,869</b>           |
| <b>Shareholders' equity</b>                           |                           |                          |
| Share capital   | 183,021                   | 183,021                  |
| Capital surplus                                       | 126,923                   | 127,845                  |
| Special reserve                                       | 8,123                     | 6,513                    |
| Other comprehensive income                            | 723                       | 979                      |
| Surplus reserves                                      | 186,190                   | 186,190                  |
| Undistributed profits                                 | 612,794                   | 590,727                  |
| <b>Total shareholders' equity</b>                     | <b>1,117,774</b>          | <b>1,095,275</b>         |
| <b>TOTAL LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b> | <b>1,883,483</b>          | <b>1,915,144</b>         |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

### 3-1. Consolidated Income Statement

| Items  | Three months ended September 30 |               |
|--|---------------------------------|---------------|
|  | 2020                            | 2019          |
|  | RMB million                     | RMB million   |
| <b>Operating income</b>  | 497,125                         | 618,143       |
| Less: Cost of sales  | (393,546)                       | (501,163)     |
| Taxes and surcharges   | (48,397)                        | (57,508)      |
| Selling expenses   | (17,068)                        | (18,186)      |
| General and administrative expenses  | (13,833)                        | (15,440)      |
| Research and development expenses  | (3,639)                         | (2,854)       |
| Finance expenses   | (5,863)                         | (6,007)       |
| Including: Interest expenses   | 5,967                           | 7,450         |
| Interest income  | 755                             | 928           |
| Add: Other income  | 2,621                           | 3,782         |
| Investment income  | 44,643                          | 1,890         |
| Including: Income from investment in associates<br>and joint ventures                        | 858                             | 1,950         |
| Credit (losses) / reversal   | (30)                            | 507           |
| Asset impairment reversal  | 39                              | 7             |
| Gains on asset disposals   | 68                              | 116           |
| <b>Operating profit</b>  | <u>62,120</u>                   | <u>23,287</u> |
| Add: Non-operating income  | 1,291                           | 910           |
| Less: Non-operating expenses   | (1,935)                         | (3,208)       |
| <b>Profit before income tax</b>  | <u>61,476</u>                   | <u>20,989</u> |
| Less: Income tax expenses  | (17,474)                        | (6,587)       |
| <b>Net profit</b>  | <u>44,002</u>                   | <u>14,402</u> |
| Classified by continuity of operations:  |                                 |               |
| Net profit from continuous operation   | 44,002                          | 14,402        |
| Net profit from discontinued operation   | -                               | -             |
| Classified by ownership:   |                                 |               |
| Shareholders of the Company  | 40,050                          | 8,862         |
| Non-controlling interests  | 3,952                           | 5,540         |
| <b>Earnings per share</b>  |                                 |               |
| Basic earnings per share (RMB Yuan)  | 0.219                           | 0.048         |
| Diluted earnings per share (RMB Yuan)  | <u>0.219</u>                    | <u>0.048</u>  |
| <b>Other comprehensive income</b>  | (6,711)                         | 5,134         |
| Other comprehensive income attributable to equity<br>holders of the Company, net of tax      | (2,488)                         | 3,321         |
| (1) Item that will not be reclassified to profit or loss:                                    |                                 |               |
| Changes in fair value of investments in other<br>equity instruments                          | 39                              | (85)          |
| (2) Items that may be reclassified to profit or loss:  |                                 |               |
| Other comprehensive income recognized under<br>equity method                                 | (233)                           | 100           |
| Translation differences arising from translation of<br>foreign currency financial statements | (2,294)                         | 3,306         |
| Other comprehensive income (net of tax) attributable<br>to non-controlling interests         | (4,223)                         | 1,813         |
| <b>Total comprehensive income</b>  | <u>37,291</u>                   | <u>19,536</u> |
| Attributable to:   |                                 |               |
| Equity holders of the Company  | 37,562                          | 12,183        |
| Non-controlling interests  | <u>(271)</u>                    | <u>7,353</u>  |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

### 3-2. Consolidated Income Statement

| Items   | Nine months ended September 30 |               |
|---|--------------------------------|---------------|
|   | 2020                           | 2019          |
|   | RMB million                    | RMB million   |
| <b>Operating income</b>   | 1,426,170                      | 1,814,402     |
| Less: Cost of sales   |                                | (1,446,106)   |
| Taxes and surcharges  | (146,820)                      | (169,927)     |
| Selling expenses  | (49,340)                       | (51,087)      |
| General and administrative expenses   | (38,968)                       | (44,045)      |
| Research and development expenses   | (10,414)                       | (10,541)      |
| Finance expenses  | (19,368)                       | (20,035)      |
| Including: Interest expenses  | 20,853                         | 22,647        |
| Interest income   | 2,151                          | 2,821         |
| Add: Other income   | 6,704                          | 8,437         |
| Investment income   | 45,706                         | 7,123         |
| Including: Income from investment in associates and joint ventures                        | 1,428                          | 6,657         |
| Credit (losses) / reversal  | (381)                          | 732           |
| Asset impairment losses   | (8,112)                        | (777)         |
| Gains on asset disposals  | 929                            | 203           |
| <b>Operating profit</b>   | <u>42,367</u>                  | <u>88,379</u> |
| Add: Non-operating income   | 2,751                          | 2,434         |
| Less: Non-operating expenses  | (2,165)                        | (8,051)       |
| <b>Profit before income tax</b>   | <u>42,953</u>                  | <u>82,762</u> |
| Less: Income tax expenses   | (22,278)                       | (29,225)      |
| <b>Net profit</b>   | <u>20,675</u>                  | <u>53,537</u> |
| Classified by continuity of operations:   |                                |               |
| Net profit from continuous operation  | 20,675                         | 53,537        |
| Net profit from discontinued operation  | -                              | -             |
| Classified by ownership:  |                                |               |
| Shareholders of the Company   | 10,064                         | 37,282        |
| Non-controlling interests   | 10,611                         | 16,255        |
| <b>Earnings per share</b>   |                                |               |
| Basic earnings per share (RMB Yuan)   | 0.055                          | 0.204         |
| Diluted earnings per share (RMB Yuan)   | <u>0.055</u>                   | <u>0.204</u>  |
| <b>Other comprehensive income</b>   | (7,144)                        | 8,141         |
| Other comprehensive income attributable to equity shareholders of the Company, net of tax | (3,802)                        | 4,073         |
| (1) Item that will not be reclassified to profit or loss:                                 |                                |               |
| Changes in fair value of investments in other equity instruments                          | (27)                           | 53            |
| (2) Items that may be reclassified to profit or loss:                                     |                                |               |
| Other comprehensive income recognized under equity method                                 | (158)                          | 437           |
| Translation differences arising from translation of foreign currency financial statements | (3,617)                        | 3,583         |
| Other comprehensive income (net of tax) attributable to non-controlling interests         | (3,342)                        | 4,068         |
| <b>Total comprehensive income</b>   | <u>13,531</u>                  | <u>61,678</u> |
| Attributable to:  |                                |               |
| Equity holders of the Company   | 6,262                          | 41,355        |
| Non-controlling interests   | <u>7,269</u>                   | <u>20,323</u> |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

#### 4-1. Income Statement

| Items   | Three months ended September 30 |              |
|---|---------------------------------|--------------|
|   | 2020                            | 2019         |
|   | RMB million                     | RMB million  |
| <b>Operating income</b>   | 287,879                         | 331,796      |
| Less: Cost of sales   | (223,164)                       | (263,385)    |
| Taxes and surcharges  | (37,672)                        | (44,109)     |
| Selling expenses  | (12,396)                        | (12,638)     |
| General and administrative expenses   | (8,259)                         | (10,411)     |
| Research and development expenses   | (2,614)                         | (1,820)      |
| Finance expenses  | (5,201)                         | (4,875)      |
| Including: Interest expenses  | 3,581                           | 5,182        |
| Interest income   | 375                             | 332          |
| Add: Other income   | 1,815                           | 3,380        |
| Investment income   | 88,592                          | 1,527        |
| Including: Income from investment in associates and joint ventures                        | 1,194                           | 1,037        |
| Credit (losses) / reversal  | (22)                            | 499          |
| Asset impairment reversal / (losses)  | 7                               | (1)          |
| Gains on asset disposals  | 336                             | 132          |
| <b>Operating profit</b>   | <b>89,301</b>                   | <b>95</b>    |
| Add: Non-operating income   | 1,095                           | 552          |
| Less: Non-operating expenses  | (1,618)                         | (1,617)      |
| <b>Profit / (loss) before income tax</b>  | <b>88,778</b>                   | <b>(970)</b> |
| Less: Income tax expenses   | (18,133)                        | 555          |
| <b>Net profit / (loss)</b>  | <b>70,645</b>                   | <b>(415)</b> |
| Classified by continuity of operations:   |                                 |              |
| Net profit / (loss) from continuous operation   | 70,645                          | (415)        |
| Net profit from discontinued operation  | -                               | -            |
| <b>Earnings per share</b>   |                                 |              |
| Basic earnings / (loss) per share (RMB Yuan)  | 0.386                           | (0.002)      |
| Diluted earnings / (loss) per share (RMB Yuan)  | 0.386                           | (0.002)      |
| <b>Other comprehensive income</b>   | (283)                           | 187          |
| Other comprehensive income attributable to equity shareholders of the Company, net of tax | (283)                           | 187          |
| (1) Item that will not be reclassified to profit or loss:                                 |                                 |              |
| Changes in fair value of investments in other equity instruments                          | 21                              | (28)         |
| (2) Item that may be reclassified to profit or loss:                                      |                                 |              |
| Other comprehensive income recognized under equity method                                 | (304)                           | 215          |
| <b>Total comprehensive income</b>   | <b>70,362</b>                   | <b>(228)</b> |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

## 4-2. Income Statement

| Items   | Nine months ended September 30 |               |
|---|--------------------------------|---------------|
|   | 2020                           | 2019          |
|   | RMB million                    | RMB million   |
| <b>Operating income</b>   | 801,995                        | 1,000,923     |
| Less: Cost of sales   | (650,293)                      | (777,698)     |
| Taxes and surcharges  | (114,510)                      | (130,370)     |
| Selling expenses  | (34,609)                       | (35,173)      |
| General and administrative expenses   | (24,318)                       | (29,395)      |
| Research and development expenses   | (8,250)                        | (8,722)       |
| Finance expenses  | (16,304)                       | (14,995)      |
| Including: Interest expenses  | 14,797                         | 15,518        |
| Interest income   | 726                            | 797           |
| Add: Other income   | 5,016                          | 7,282         |
| Investment income   | 106,318                        | 20,028        |
| Including: Income from investment in associates and joint ventures                        | 2,586                          | 3,247         |
| Credit losses   | (161)                          | 764           |
| Asset impairment losses   | (1,960)                        | 17            |
| Gains on asset disposals  | 1,192                          | 207           |
| <b>Operating profit</b>   | <b>64,116</b>                  | <b>32,868</b> |
| Add: Non-operating income   | 2,217                          | 1,817         |
| Less: Non-operating expenses  | (4,414)                        | (5,989)       |
| <b>Profit before income tax</b>   | <b>61,919</b>                  | <b>28,696</b> |
| Less: Income tax expenses   | (12,022)                       | (6,362)       |
| <b>Net profit</b>   | <b>49,897</b>                  | <b>22,334</b> |
| Classified by continuity of operations:   |                                |               |
| Net profit from continuous operation  | 49,897                         | 22,334        |
| Net profit from discontinued operation  | -                              | -             |
| <b>Earnings per share</b>   |                                |               |
| Basic earnings per share (RMB Yuan)   | 0.273                          | 0.122         |
| Diluted earnings per share (RMB Yuan)   | 0.273                          | 0.122         |
| <b>Other comprehensive income</b>   | (256)                          | 508           |
| Other comprehensive income attributable to equity shareholders of the Company, net of tax | (256)                          | 508           |
| (1) Item that will not be reclassified to profit or loss:                                 |                                |               |
| Changes in fair value of investments in other equity instruments                          | (27)                           | 27            |
| (2) Item that may be reclassified to profit or loss:                                      |                                |               |
| Other comprehensive income recognized under equity method                                 | (229)                          | 481           |
| <b>Total comprehensive income</b>   | <b>49,641</b>                  | <b>22,842</b> |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

## 5. Consolidated Cash Flow Statement

| Items   | Nine months ended September 30 |                    |
|---|--------------------------------|--------------------|
|   | 2020                           | 2019               |
|   | RMB million                    | RMB million        |
| <b>Cash flows from operating activities</b>   |                                |                    |
| Cash received from sales of goods and rendering of services   | 1,587,335                      | 2,057,566          |
| Cash received from other operating activities   | 7,164                          | 6,301              |
| <b>Sub-total of cash inflows</b>  | <b>1,594,499</b>               | <b>2,063,867</b>   |
| Cash paid for goods and services  | (1,095,006)                    | (1,408,400)        |
| Cash paid to and on behalf of employees   | (94,449)                       | (94,856)           |
| Payments of various taxes   | (220,111)                      | (289,834)          |
| Cash paid relating to other operating activities  | (21,630)                       | (31,381)           |
| <b>Sub-total of cash outflows</b>   | <b>(1,431,196)</b>             | <b>(1,824,471)</b> |
| <b>Net cash flows from operating activities</b>   | <b>163,303</b>                 | <b>239,396</b>     |
| <b>Cash flows from investing activities</b>   |                                |                    |
| Cash received from disposal of investments  | 276                            | 1,950              |
| Cash received from returns on investments   | 3,701                          | 5,095              |
| Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets | 251                            | 499                |
| <b>Sub-total of cash inflows</b>  | <b>4,228</b>                   | <b>7,544</b>       |
| Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets               | (167,035)                      | (187,119)          |
| Cash paid to acquire investments  | (14,639)                       | (27,816)           |
| <b>Sub-total of cash outflows</b>   | <b>(181,674)</b>               | <b>(214,935)</b>   |
| <b>Net cash flows used for investing activities</b>   | <b>(177,446)</b>               | <b>(207,391)</b>   |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

5. Consolidated Cash Flow Statement (Continued)

| Items  | Nine months ended September 30 |                  |
|--|--------------------------------|------------------|
|  | 2020                           | 2019             |
|  | RMB million                    | RMB million      |
| <b>Cash flows from financing activities</b>  |                                |                  |
| Cash received from capital contributions   | 143                            | 500              |
| Including: Cash received from non-controlling interests' capital contributions to subsidiaries               | 143                            | 500              |
| Cash received from borrowings  | 831,465                        | 656,378          |
| <b>Sub-total of cash inflows</b>   | <b>831,608</b>                 | <b>656,878</b>   |
| Cash repayments of borrowings  | (774,579)                      | (611,154)        |
| Cash payments for interest expenses and distribution of dividends or profits                                 | (41,253)                       | (42,264)         |
| Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests | (14,172)                       | (11,533)         |
| Capital reduction of subsidiaries  | -                              | (48)             |
| Cash payments relating to other financing activities   | (10,973)                       | (12,563)         |
| <b>Sub-total of cash outflows</b>  | <b>(826,805)</b>               | <b>(666,029)</b> |
| <b>Net cash flows generate from / (used for) financing activities</b>  | <b>4,803</b>                   | <b>(9,151)</b>   |
| <b>Effect of foreign exchange rate changes on cash and cash equivalents</b>                                  | <b>(1,546)</b>                 | <b>2,761</b>     |
| <b>Net (decrease) / increase in cash and cash equivalents</b>  | <b>(10,886)</b>                | <b>25,615</b>    |
| Add: Cash and cash equivalents at beginning of the period  | 86,409                         | 85,954           |
| <b>Cash and cash equivalents at end of the period</b>  | <b>75,523</b>                  | <b>111,569</b>   |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping



## 6. Company Cash Flow Statement

| Items   | Nine months ended September 30 |                    |
|---|--------------------------------|--------------------|
|   | 2020                           | 2019               |
|   | RMB million                    | RMB million        |
| <b>Cash flows from operating activities</b>   |                                |                    |
| Cash received from sales of goods and rendering of services   | 880,264                        | 1,157,653          |
| Cash received from other operating activities   | 5,049                          | 33,756             |
| <b>Sub-total of cash inflows</b>  | <b>885,313</b>                 | <b>1,191,409</b>   |
| Cash paid for goods and services  | (540,116)                      | (746,967)          |
| Cash paid to and on behalf of employees   | (66,645)                       | (69,139)           |
| Payments of various taxes   | (162,965)                      | (201,505)          |
| Cash paid relating to other operating activities  | (26,627)                       | (20,038)           |
| <b>Sub-total of cash outflows</b>   | <b>(796,353)</b>               | <b>(1,037,649)</b> |
| <b>Net cash flows from operating activities</b>   | <b>88,960</b>                  | <b>153,760</b>     |
| <b>Cash flows from investing activities</b>   |                                |                    |
| Cash received from disposal of investments  | 13,510                         | 7,902              |
| Cash received from returns on investments   | 18,011                         | 20,480             |
| Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets | 241                            | 490                |
| <b>Sub-total of cash inflows</b>  | <b>31,762</b>                  | <b>28,872</b>      |
| Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets               | (105,675)                      | (135,117)          |
| Cash paid to acquire investments  | (18,917)                       | (14,659)           |
| <b>Sub-total of cash outflows</b>   | <b>(124,592)</b>               | <b>(149,776)</b>   |
| <b>Net cash flows used for investing activities</b>   | <b>(92,830)</b>                | <b>(120,904)</b>   |

Chairman  
Dai Houliang

Director and President  
Duan Liangwei

Chief Financial Officer  
Chai Shouping

## 6. Company Cash Flow Statement (Continued)

| Items  | Nine months ended September 30 |             |
|--|--------------------------------|-------------|
|  | 2020                           | 2019        |
|  | RMB million                    | RMB million |
| <b>Cash flows from financing activities</b>                                  |                                |             |
| Cash received from borrowings  | 269,474                        | 288,587     |
| <b>Sub-total of cash inflows</b>   | 269,474                        | 288,587     |
| Cash repayments of borrowings  | (236,068)                      | (271,606)   |
| Cash payments for interest expenses and distribution of dividends or profits | (23,550)                       | (26,023)    |
| Cash payments relating to other financing activities                         | (5,535)                        | (6,620)     |
| <b>Sub-total of cash outflows</b>  | (265,153)                      | (304,249)   |
| <b>Net cash flows generate from / (used for) financing activities</b>        | 4,321                          | (15,662)    |
| <b>Net increase in cash and cash equivalents</b>                             | 451                            | 17,194      |
| Add: Cash and cash equivalents at beginning of the period                    | 4,636                          | 13,109      |
| <b>Cash and cash equivalents at end of the period</b>                        | 5,087                          | 30,303      |

Chairman  
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Duan Liangwei

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Chai Shouping

**B. Financial statements for the third quarter of 2020 prepared in accordance with IFRS**

**1-1 Consolidated Statement of Comprehensive Income**

|  | <b>Three months ended September 30</b> |                    |
|--|--|--------------------|
|  | <b>2020</b>                            | <b>2019</b>        |
|  | <b>RMB million</b>                     | <b>RMB million</b> |
| <b>REVENUE</b>   | 497,125                                | 618,143            |
| <b>OPERATING EXPENSES</b>  |  |                    |
| Purchases, services and other  | (321,763)                              | (424,124)          |
| Employee compensation costs  | (34,931)                               | (34,987)           |
| Exploration expenses, including exploratory dry holes  | (4,424)                                | (4,425)            |
| Depreciation, depletion and amortisation   | (51,001)                               | (56,374)           |
| Selling, general and administrative expenses   | (15,929)                               | (17,071)           |
| Taxes other than income taxes  | (48,713)                               | (57,923)           |
| Other income net   | 45,960                                 | 1,481              |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>(430,801)</b>                       | <b>(593,423)</b>   |
| <b>PROFIT FROM OPERATIONS</b>  | <b>66,324</b>                          | <b>24,720</b>      |
| <b>FINANCE COSTS</b>   |  |                    |
| Exchange gain  | 3,962                                  | 3,285              |
| Exchange loss  | (4,456)                                | (2,513)            |
| Interest income  | 755                                    | 928                |
| Interest expense   | (5,967)                                | (7,450)            |
| <b>TOTAL NET FINANCE COSTS</b>   | <b>(5,706)</b>                         | <b>(5,750)</b>     |
| <b>SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES</b>  | <b>858</b>                             | <b>1,950</b>       |
| <b>PROFIT BEFORE INCOME TAX EXPENSE</b>  | <b>61,476</b>                          | <b>20,920</b>      |
| <b>INCOME TAX EXPENSE</b>  | <b>(17,474)</b>                        | <b>(6,583)</b>     |
| <b>PROFIT FOR THE PERIOD</b>   | <b>44,002</b>                          | <b>14,337</b>      |
| <b>OTHER COMPREHENSIVE INCOME</b>  |  |                    |
| <b>Item that will not be reclassified to profit or loss</b>  |  |                    |
| Fair value changes in equity investment measured at fair value through other comprehensive income              | 146                                    | (125)              |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                                    |  |                    |
| Currency translation differences   | (6,624)                                | 5,223              |
| Share of the other comprehensive income of associates and joint ventures accounted for using the equity method | (233)                                  | 100                |
| <b>OTHER COMPREHENSIVE INCOME , NET OF TAX</b>   | <b>(6,711)</b>                         | <b>5,198</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   | <b>37,291</b>                          | <b>19,535</b>      |
| <b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>  |  |                    |
| Owners of the Company  | 40,050                                 | 8,830              |
| Non-controlling interests  | 3,952                                  | 5,507              |
|  | <b>44,002</b>                          | <b>14,337</b>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>  |  |                    |
| Owners of the Company  | 37,562                                 | 12,181             |
| Non-controlling interests  | (271)                                  | 7,354              |
|  | <b>37,291</b>                          | <b>19,535</b>      |
| <b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)</b>                        | <b>0.219</b>                           | <b>0.048</b>       |

1-2 Consolidated Statement of Comprehensive Income

|  | <b>Nine months ended September 30</b> |                    |
|--|---------------------------------------|--------------------|
|  | <b>2020</b>                           | <b>2019</b>        |
|  | <b>RMB million</b>                    | <b>RMB million</b> |
| <b>REVENUE</b>   | 1,426,170                             | 1,814,402          |
| <b>OPERATING EXPENSES</b>  |                                       |                    |
| Purchases, services and other  | (948,951)                             | (1,220,227)        |
| Employee compensation costs  | (95,677)                              | (100,015)          |
| Exploration expenses, including exploratory dry holes  | (14,993)                              | (16,692)           |
| Depreciation, depletion and amortisation   | (165,389)                             | (164,981)          |
| Selling, general and administrative expenses   | (45,812)                              | (49,766)           |
| Taxes other than income taxes  | (147,644)                             | (171,011)          |
| Other income net   | 52,577                                | 3,673              |
| <b>TOTAL OPERATING EXPENSES</b>  | <b>(1,365,889)</b>                    | <b>(1,719,019)</b> |
| <b>PROFIT FROM OPERATIONS</b>  | <b>60,281</b>                         | <b>95,383</b>      |
| <b>FINANCE COSTS</b>   |                                       |                    |
| Exchange gain  | 10,371                                | 8,192              |
| Exchange loss  | (10,422)                              | (7,710)            |
| Interest income  | 2,151                                 | 2,821              |
| Interest expense   | (20,853)                              | (22,647)           |
| <b>TOTAL NET FINANCE COSTS</b>   | <b>(18,753)</b>                       | <b>(19,344)</b>    |
| <b>SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES</b>  | <b>1,428</b>                          | <b>6,657</b>       |
| <b>PROFIT BEFORE INCOME TAX EXPENSE</b>  | <b>42,956</b>                         | <b>82,696</b>      |
| <b>INCOME TAX EXPENSE</b>  | <b>(22,278)</b>                       | <b>(29,221)</b>    |
| <b>PROFIT FOR THE PERIOD</b>   | <b>20,678</b>                         | <b>53,475</b>      |
| <b>OTHER COMPREHENSIVE INCOME</b>  |                                       |                    |
| <b>Item that will not be reclassified to profit or loss</b>  |                                       |                    |
| Fair value changes in equity investment measured at fair value through other comprehensive income              | 82                                    | 70                 |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                                    |                                       |                    |
| Currency translation differences   | (7,068)                               | 7,698              |
| Share of the other comprehensive income of associates and joint ventures accounted for using the equity method | (158)                                 | 437                |
| <b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>  | <b>(7,144)</b>                        | <b>8,205</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   | <b>13,534</b>                         | <b>61,680</b>      |
| <b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>  |                                       |                    |
| Owners of the Company  | 10,067                                | 37,253             |
| Non-controlling interests  | 10,611                                | 16,222             |
|  | <b>20,678</b>                         | <b>53,475</b>      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>  |                                       |                    |
| Owners of the Company  | 6,265                                 | 41,356             |
| Non-controlling interests  | 7,269                                 | 20,324             |
|  | <b>13,534</b>                         | <b>61,680</b>      |
| <b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)</b>                        | <b>0.055</b>                          | <b>0.204</b>       |

## 2. Consolidated Statement of Financial Position

|   | <b>September 30, 2020</b> | <b>December 31, 2019</b> |
|---|---------------------------|--------------------------|
|   | <b>RMB million</b>        | <b>RMB million</b>       |
| <b>NON-CURRENT ASSETS</b>   |                           |                          |
| Property, plant and equipment   | 1,466,723                 | 1,783,224                |
| Investments in associates and joint ventures                                | 251,022                   | 102,073                  |
| Equity investment measured at fair value through other comprehensive income | 901                       | 922                      |
| Right-of-use assets   | 206,624                   | 254,736                  |
| Intangible and other non-current assets                                     | 72,601                    | 100,663                  |
| Deferred tax assets   | 10,359                    | 24,259                   |
| Time deposits with maturities over one year                                 | 6,533                     | 120                      |
| <b>TOTAL NON-CURRENT ASSETS</b>   | <b>2,014,763</b>          | <b>2,265,997</b>         |
| <b>CURRENT ASSETS</b>   |                           |                          |
| Inventories   | 159,144                   | 181,921                  |
| Accounts receivable   | 159,664                   | 64,184                   |
| Prepayment and other current assets   | 119,572                   | 103,127                  |
| Notes receivable  | 7,190                     | 7,016                    |
| Time deposits with maturities over three months but within one year         | 30,788                    | 24,256                   |
| Cash and cash equivalents   | 75,523                    | 86,409                   |
| <b>TOTAL CURRENT ASSETS</b>   | <b>551,881</b>            | <b>466,913</b>           |
| <b>CURRENT LIABILITIES</b>  |                           |                          |
| Accounts payable and accrued liabilities                                    | 314,820                   | 328,314                  |
| Contracts liabilities   | 93,316                    | 82,490                   |
| Income taxes payable  | 5,790                     | 7,564                    |
| Other taxes payable   | 37,764                    | 59,818                   |
| Short-term borrowings   | 224,480                   | 175,840                  |
| Lease liabilities   | 5,803                     | 7,393                    |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>681,973</b>            | <b>661,419</b>           |
| <b>NET CURRENT LIABILITIES</b>  | <b>130,092</b>            | <b>194,506</b>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                | <b>1,884,671</b>          | <b>2,071,491</b>         |
| <b>EQUITY</b>   |                           |                          |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>                        |                           |                          |
| Share capital   | 183,021                   | 183,021                  |
| Retained earnings   | 725,325                   | 743,124                  |
| Reserves  | 301,941                   | 304,011                  |
| <b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>                   | <b>1,210,287</b>          | <b>1,230,156</b>         |
| <b>NON-CONTROLLING INTERESTS</b>  | <b>150,698</b>            | <b>214,149</b>           |
| <b>TOTAL EQUITY</b>   | <b>1,360,985</b>          | <b>1,444,305</b>         |
| <b>NON-CURRENT LIABILITIES</b>  |                           |                          |
| Long-term borrowings  | 237,818                   | 290,882                  |
| Asset retirement obligations  | 134,923                   | 137,935                  |
| Lease liabilities   | 123,947                   | 164,143                  |
| Deferred tax liabilities  | 16,299                    | 21,411                   |
| Other long-term obligations   | 10,699                    | 12,815                   |
| <b>TOTAL NON-CURRENT LIABILITIES</b>  | <b>523,686</b>            | <b>627,186</b>           |
| <b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>                             | <b>1,884,671</b>          | <b>2,071,491</b>         |

### 3. Consolidated Statement of Cash Flows

|  | <b>Nine months ended September 30</b> |                    |
|--|---------------------------------------|--------------------|
|  | <b>2020</b>                           | <b>2019</b>        |
|  | <b>RMB million</b>                    | <b>RMB million</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                       |                    |
| <b>Profit for the period</b>   | 20,678                                | 53,475             |
| Adjustments for:   |                                       |                    |
| Income tax expense   | 22,278                                | 29,221             |
| Depreciation, depletion and amortisation                             | 165,389                               | 164,981            |
| Capitalised exploratory costs charged to expense                     | 7,112                                 | 6,107              |
| Safety fund reserve  | 2,063                                 | 2,846              |
| Share of profit of associates and joint ventures                     | (1,428)                               | (6,657)            |
| Accrual / (reversal) of provision for impairment of receivables, net | 381                                   | (732)              |
| Write down in inventories, net                                       | 8,112                                 | 777                |
| Loss on disposal of property, plant and equipment                    | 2,765                                 | 3,137              |
| Gain on disposal of other non-current assets                         | (44,627)                              | (422)              |
| Dividend income  | (18)                                  | (46)               |
| Interest income  | (2,151)                               | (2,821)            |
| Interest expense   | 20,853                                | 22,647             |
| Changes in working capital:  |                                       |                    |
| Accounts receivable, prepayments and other current assets            | (26,998)                              | (37,455)           |
| Inventories  | 13,240                                | 8,782              |
| Accounts payable and accrued liabilities                             | (19,555)                              | 9,521              |
| Contracts liabilities  | 10,826                                | 15,966             |
| <b>CASH FLOWS GENERATED FROM OPERATIONS</b>                          | <b>178,920</b>                        | <b>269,327</b>     |
| Income taxes paid  | (15,617)                              | (29,931)           |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                      | <b>163,303</b>                        | <b>239,396</b>     |

### 3. Consolidated Statement of Cash Flows (Continued)

|   | <b>Nine months ended September 30</b> |                    |
|---|---------------------------------------|--------------------|
|   | <b>2020</b>                           | <b>2019</b>        |
|   | <b>RMB million</b>                    | <b>RMB million</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                                       |                    |
| Capital expenditures  | (160,816)                             | (174,364)          |
| Acquisition of investments in associates and joint ventures   | (1,411)                               | (1,201)            |
| Prepayments on long-term operating leases                     | (2,233)                               | (3,330)            |
| Acquisition of intangible assets and other non-current assets | (3,986)                               | (9,425)            |
| Proceeds from disposal of property, plant and equipment       | 235                                   | 472                |
| Acquisition of subsidiaries                                   | (76)                                  | (57)               |
| Proceeds from disposal of other non-current assets            | 85                                    | 190                |
| Interest received   | 2,036                                 | 2,277              |
| Dividends received  | 1,665                                 | 2,818              |
| Increase in time deposits with maturities over three months   | (12,945)                              | (24,771)           |
| <b>NET CASH FLOWS USED FOR INVESTING ACTIVITIES</b>           | <b>(177,446)</b>                      | <b>(207,391)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                                       |                    |
| Repayments of short-term borrowings                           | (597,474)                             | (463,182)          |
| Repayments of long-term borrowings                            | (177,105)                             | (147,972)          |
| Repayments of lease liabilities                               | (10,971)                              | (11,565)           |
| Interest paid   | (13,691)                              | (13,130)           |
| Dividends paid to non-controlling interests                   | (14,172)                              | (11,533)           |
| Dividends paid to owners of the Company                       | (13,390)                              | (17,601)           |
| Purchase of non-controlling interests                         | (2)                                   | (998)              |
| Increase in short-term borrowings                             | 624,275                               | 491,381            |
| Increase in long-term borrowings                              | 207,190                               | 164,997            |
| Capital contribution from non-controlling interests           | 143                                   | 500                |
| Capital reduction of subsidiaries                             | -                                     | (48)               |
| <b>NET CASH FLOWS FROM/(USED FOR) FINANCING ACTIVITIES</b>    | <b>4,803</b>                          | <b>(9,151)</b>     |
| <b>TRANSLATION OF FOREIGN CURRENCY</b>                        |                                       |                    |
| Increase in cash and cash equivalents                         | (10,886)                              | 25,615             |
| Cash and cash equivalents at beginning of the period          | 86,409                                | 85,954             |
| Cash and cash equivalents at end of the period                | 75,523                                | 111,569            |

#### 4. Segment Information

|  | <b>Nine months ended September 30</b> |                    |
|--|---------------------------------------|--------------------|
|  | <b>2020</b>                           | <b>2019</b>        |
|  | <b>RMB million</b>                    | <b>RMB million</b> |
| <b>Revenue</b>                               |                                       |                    |
| Exploration and Production                   |                                       |                    |
| Intersegment sales                           | 316,781                               | 399,429            |
| Revenue from external customers              | 70,757                                | 90,047             |
|  | <u>387,538</u>                        | <u>489,476</u>     |
| Refining and Chemicals                       |                                       |                    |
| Intersegment sales                           | 379,410                               | 518,876            |
| Revenue from external customers              | 199,194                               | 216,111            |
|  | <u>578,604</u>                        | <u>734,987</u>     |
| Marketing                                    |                                       |                    |
| Intersegment sales                           | 206,737                               | 245,636            |
| Revenue from external customers              | 923,279                               | 1,261,810          |
|  | <u>1,130,016</u>                      | <u>1,507,446</u>   |
| Natural Gas and Pipeline                     |                                       |                    |
| Intersegment sales                           | 26,244                                | 31,957             |
| Revenue from external customers              | 232,154                               | 245,254            |
|  | <u>258,398</u>                        | <u>277,211</u>     |
| Head Office and Other                        |                                       |                    |
| Intersegment sales                           | 952                                   | 200                |
| Revenue from external customers              | 786                                   | 1,180              |
|  | <u>1,738</u>                          | <u>1,380</u>       |
| <b>Total revenue from external customers</b> | <u>1,426,170</u>                      | <u>1,814,402</u>   |
| <b>Profit/(loss) from operations</b>         |                                       |                    |
| Exploration and Production                   | 20,000                                | 76,935             |
| Refining and Chemicals                       | (1,668)                               | 9,004              |
| Marketing                                    | (4,936)                               | (1,449)            |
| Natural Gas and Pipeline                     | 57,707                                | 21,950             |
| Head Office and Other                        | (10,822)                              | (11,057)           |
|  | <u>60,281</u>                         | <u>95,383</u>      |