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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in PetroChina Company Limited, you should at once hand this circular and the accompanying proxy forms to the purchaser or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale was effected for delivery to the purchaser.

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

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 857)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH  
CNPC AND NEW FINANCIAL SERVICES AGREEMENT WITH CNPC  
FINANCE IN RESPECT OF 2027 TO 2029;  
PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND  
PROPOSED ELECTION AND APPOINTMENT OF INDEPENDENT NON-  
EXECUTIVE DIRECTOR;  
GUARANTEE SCHEME FOR THE YEAR 2026;  
GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS;  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025**

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**IMPORTANT NOTICE: PLEASE NOTE THAT THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF PETROCHINA COMPANY LIMITED WITH INFORMATION REGARDING THE RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CNPC AND NEW FINANCIAL SERVICES AGREEMENT WITH CNPC FINANCE IN RESPECT OF 2027 TO 2029, THE PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND PROPOSED ELECTION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR, THE GUARANTEE SCHEME FOR THE YEAR 2026 AND RELEVANT AUTHORIZATION TO THE BOARD (AS DEFINED BELOW) AND THE GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS (AS DEFINED BELOW), SO THAT THE SHAREHOLDERS OF PETROCHINA COMPANY LIMITED MAY MAKE AN INFORMED DECISION ON AGM.**

The notices convening the AGM to be held at V-Continent Wuzhou Hotel, No. 8 North 4th Circle Middle Road, Chaoyang District, Beijing, the PRC on Tuesday, 9 June 2026 at 9 a.m. is set out on pages 89 to 93 of this circular. The proxy form for use in connection with the AGM is enclosed herewith. Whether or not you intend to attend the AGM, please complete and return the proxy form accompanying this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the AGM (i.e., by not later than 9 a.m. on Monday, 8 June 2026). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meetings should you so wish.

23 April 2026

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## CONTENTS

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	Page
<b>DEFINITIONS.....</b>	<b>1</b>
<b>LETTER FROM THE BOARD .....</b>	<b>4</b>
INTRODUCTION.....	5
1. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CNPC IN RESPECT OF 2027 TO 2029.....	5
2. THE COMPANY'S INTERNAL CONTROL MEASURES TO ENSURE THAT THE CONTINUING CONNECTED TRANSACTIONS ARE CONDUCTED IN ACCORDANCE WITH THE NEW COMPREHENSIVE AGREEMENT .....	31
3. GENERAL INFORMATION .....	32
4. INDEPENDENT SHAREHOLDERS' APPROVAL .....	33
5. RENEWAL OF THE NEW FINANCIAL SERVICES AGREEMENT WITH CNPC FINANCE IN RESPECT OF 2027 TO 2029 .....	33
6. PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND PROPOSED ELECTION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR .....	40
7. GUARANTEE SCHEME FOR THE YEAR 2026 .....	44
8. GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS .....	47
9. THE AGM .....	47
10. RECOMMENDATIONS .....	48
11. VOTES TO BE TAKEN BY POLL.....	48
12. MISCELLANEOUS .....	48
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE.....</b>	<b>49</b>
<b>LETTER FROM SOMERLEY .....</b>	<b>51</b>
<b>APPENDIX I BASIC INFORMATION OF THE GUARANTEED PARTIES UNDER THE GUARANTEE SCHEME FOR THE YEAR 2026.....</b>	<b>78</b>
<b>APPENDIX II STATUTORY AND GENERAL INFORMATION .....</b>	<b>86</b>
<b>NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025.....</b>	<b>89</b>

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

"2017 Buildings Leasing Contract"	the buildings leasing contract entered into between the Company and CNPC on 24 August 2017, which took effect on 1 January 2018 and is valid for a term of 20 years
"AGM" or "Annual General Meeting"	the annual general meeting of the Company to be held at V-Continent Wuzhou Hotel, No. 8 North 4th Circle Middle Road, Chaoyang District, Beijing, the PRC on Tuesday, 9 June 2026 at 9 a.m.
"AGM Notice"	the notice of the AGM as set out on pages 89 to 93 of this circular
"Articles of Association"	the articles of association of the Company
"associate(s)"	has the meanings ascribed to it under the HKEx Listing Rules
"A Share(s)"	the PRC listed domestic share(s) in the Company's share capital, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
"A Shareholder(s)"	holder(s) of A Shares
"Board"	the board of Directors of the Company
"Buildings Leasing Contract"	the buildings leasing contract dated 10 March 2000 entered into between the Company and CNPC pursuant to which CNPC has leased to the Group buildings located throughout the PRC for the use by the Group for its business operation including the exploration, development and production for a term of 20 years, as amended by a supplemental agreement dated 26 September 2002
"CNPC"	China National Petroleum Corporation, the controlling shareholder of the Company, which holds approximately 82.49% equity interests in the Company as of the Latest Practicable Date (including the 399,472,000 H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing 0.22% of the total issued Shares of the Company)
"CNPC Finance"	China Petroleum Finance Company Limited (中油財務有限責任公司), owned as to 40% by CNPC, 32% by the Company and 28% by CNPC Capital Company Limited (中國石油集團資本股份有限公司) respectively as at the Latest Practicable Date, and for the purpose of this circular, unless otherwise specified, shall include its subsidiaries
"Company"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company limited by shares incorporated in the PRC on 5 November 1999 under the laws of the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"Comprehensive Agreement"	the comprehensive products and services agreement dated 30 August 2023 entered into between CNPC and the Company regarding the provision by the Group to CNPC/Jointly-held Entities and by CNPC/Jointly-held Entities to the Group, of a range of products and services from time to time, came into effect on 1 January 2024 and effective for 3 years
"connected person(s)"	has the meanings ascribed to it under the Hong Kong Stock Exchange Listing Rules
"connected subsidiary(ies)"	has the meanings ascribed to it under the Hong Kong Stock Exchange Listing Rules
"Continuing Connected Transactions"	collectively, Continuing Connected Transactions with CNPC and the New Financial Services Agreement

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## DEFINITIONS

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"Continuing Connected Transactions with CNPC"	the continuing connected transactions which have been and will continue to be entered into between the Group and CNPC/Jointly-held Entities, details of which are set out in the letter from the Board of this circular. For the avoidance of doubt, the Continuing Connected Transactions with CNPC do not include the continuing connected transactions between the Group and CNPC Finance as the Company and CNPC Finance have entered into the New Financial Services Agreement in relation to the financial services between the Group and CNPC Finance
"controlling shareholder(s)"	has the meanings ascribed to it under the Hong Kong Stock Exchange Listing Rules
"Director(s)"	the director(s) of the Company
"Financial Services Agreement"	the financial services agreement dated 30 August 2023 entered into between the Company and CNPC Finance regarding the provision of certain financial services by CNPC Finance to the Group, came into effect on 1 January 2024 and effective for 3 years
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange Listing Rules" or "HKEx Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"H Share(s)"	the overseas listed foreign share(s) in the Company's share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
"H Shareholder(s)"	holder(s) of H Shares
"Independent Board Committee"	the independent committee of the Board, comprising Mr. Jiang, Simon X., Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y., Ms. Liu Xiaolei and Mr. Zhang Yuxin, the independent non-executive Directors, formed for the purpose of reviewing and advising the Independent Shareholders in respect of the New Comprehensive Agreement, the Non-Exempt Continuing Connected Transactions with CNPC and the relevant proposed annual caps
"Independent Financial Advisor" "Sommerley Capital Limited", or "Sommerley"	Sommerley Capital Limited (新百利融資有限公司), a licensed corporation carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial advisor appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and the relevant proposed annual caps in connection with the Non-Exempt Continuing Connected Transactions with CNPC
"Independent Shareholder(s)"	the shareholder(s) of the Company other than CNPC and its associates
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best knowledge of the Directors, having made all reasonable enquiries, is/are not connected person(s) of the Company
"Jointly-held Entity(ies)"	a company(ies) (excluding CNPC Finance) in which the Company and CNPC jointly hold shares while CNPC and/or its subsidiaries (individually or together) is/are entitled to exercise, or control the exercise of, 10% or more of the voting power of the companies at any general meeting of such company(ies)

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## DEFINITIONS

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"Kunlun Leasing"	Kunlun Financial Leasing Co., Ltd. (昆侖金融租賃有限責任公司), a company incorporated in the PRC with limited liability, which is a subsidiary of CNPC
"Land Use Rights Leasing Contract"	the land use rights leasing contract dated 10 March 2000 entered into between the Company and CNPC pursuant to which CNPC has leased to the Group parcels of land throughout the PRC in connection with and for the purpose of all aspects of the operations and business of the Group for a term of 50 years
"Latest Practicable Date"	17 April 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"New Comprehensive Agreement"	the comprehensive products and services agreement dated 27 March 2026 entered into between CNPC and the Company regarding the provision by the Group to CNPC/Jointly-held Entities and by CNPC/Jointly-held Entities to the Group, of a range of products and services from time to time, coming into effect on 1 January 2027 and effective for three years
"New Financial Services Agreement"	the financial services agreement dated 27 March 2026 entered into between the Company and CNPC Finance regarding the provision of certain financial services by CNPC Finance to the Group, which will take effect from 1 January 2027 for a term of three years
"Non-Exempt Continuing Connected Transactions with CNPC"	the Continuing Connected Transactions with CNPC under the categories of 1.2.1(2)(a), and 1.2.1(2)(b), as set out in the section headed "1.2 The HKEx Listing Rules implications regarding the Continuing Connected Transactions with CNPC" in the letter from the Board of this circular
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi yuan, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shanghai Stock Exchange"	Shanghai Stock Exchange
"Shanghai Stock Exchange Listing Rules"	the Rules Governing the Listing of Securities on Shanghai Stock Exchange
"Share(s)"	share(s) of the Company, including the A Share(s) and the H Share(s)
"Shareholder(s)"	holder(s) of Shares of the Company
"subsidiary(ies)"	has the meanings ascribed to it under the Hong Kong Stock Exchange Listing Rules
"substantial shareholder(s)"	has the meanings ascribed to it under the Hong Kong Stock Exchange Listing Rules
"Supplemental Agreement to the Land Use Rights Leasing Contract"	the supplemental agreement to the Land Use Rights Leasing Contract entered into between the Company and CNPC on 25 August 2011

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LETTER FROM THE BOARD

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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 857)

**Board of Directors**

Dai Houliang (*Chairman*)  
Zhou Xinhui (*Vice Chairman*)  
Duan Liangwei  
Zhou Song  
Xie Jun  
Ren Lixin  
Zhang Daowei  
Song Dayong  
Jiang, Simon X.\*  
Ho Kevin King Lun\*  
Yan, Andrew Y\*  
Liu Xiaolei\*  
Zhang Yuxin\*

**Legal Address:**

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Beijing 100011  
PRC

**Office Address:**

PetroChina Building  
No. 9 Dongzhimen North Street  
Dongcheng District  
Beijing 100007  
PRC

\* *Independent non-executive Directors*

23 April 2026

*To the Shareholders*

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH  
CNPC AND NEW FINANCIAL SERVICES AGREEMENT WITH CNPC  
FINANCE IN RESPECT OF 2027 TO 2029;  
PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND  
PROPOSED ELECTION AND APPOINTMENT OF INDEPENDENT NON-  
EXECUTIVE DIRECTOR;  
GUARANTEE SCHEME FOR THE YEAR 2026;  
GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS;  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025**

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## LETTER FROM THE BOARD

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### INTRODUCTION

The purpose of this circular is to provide you with information regarding the Renewal of Continuing Connected Transactions with CNPC and New Financial Services Agreement with CNPC Finance in Respect of 2027 to 2029, the Proposed Re-Election and Appointment of Directors and Proposed Election and Appointment of Independent Non-Executive Director, the Guarantee Scheme for the Year 2026 (as defined below) and the General Mandate to Issue Debt Financing Instruments (as defined below) in order to allow you to make an informed decision on voting in respect of the resolutions to be proposed at the AGM.

#### 1. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CNPC IN RESPECT OF 2027 TO 2029

##### 1.1 Background

Reference is made to the announcement (the "**Announcement**") of the Company dated 30 August 2023 in respect of, among other things, the renewal of the continuing connected transactions with CNPC/Jointly-held Entities. At the extraordinary general meeting of the Company held on 9 November 2023, the Independent Shareholders approved the continuing connected transactions with CNPC/Jointly-held Entities and the annual caps for the three years ending 31 December 2026.

In addition to the Comprehensive Agreement, throughout the years, the Company and CNPC also entered into the Trademark Licensing Contract, the Patent and Know-how Licensing Contract and the Computer Software Licensing Contract, pursuant to which, CNPC has granted the Company the exclusive right to use certain trademarks, patents, know-how and computer software of CNPC at no cost. Furthermore, the Company and CNPC entered into the Contract for the Transfer of Rights under Production Sharing Contracts on December 23, 1999, pursuant to which CNPC transferred to the Company relevant rights and obligations under 28 production sharing contracts entered into with a number of international oil and natural gas companies as part of restructuring, except for the rights and obligations relating to CNPC's supervisory functions. As each of the applicable percentage ratios in respect of each of the Trademark Licensing Contract, the Patent and Know-how Licensing Contract, the Computer Software Licensing Contract and the Contract for the Transfer of Rights under Production Sharing Contracts is less than 0.1%, the above transactions are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HKEx Listing Rules. Please refer to the 2025 annual report of the Company published on 27 March 2026 for details. The Company also entered into the Land Use Rights Leasing Contract, the Supplemental Agreement to the Land Use Rights Leasing Contract and 2017 Buildings Leasing Contract, pursuant to which, CNPC has leased certain lands and buildings to the Group. Please refer to sections 1.4 and 1.5 of this circular for details.

The Company and CNPC entered into (1) the New Comprehensive Agreement and (2) a confirmation letter in respect of the Land Use Rights Leasing Contract and the 2017 Buildings Leasing Contract on 27 March 2026 to continue the Continuing Connected Transactions with CNPC after 31 December 2026. The Company will continue to comply with the provisions of Chapter 14A of the HKEx Listing Rules in relation to the Continuing Connected Transactions with CNPC including the reporting, announcement, annual review and independent shareholders' approval requirements, if applicable.

##### 1.2 The HKEx Listing Rules implications regarding the Continuing Connected Transactions with CNPC

*1.2.1* The Continuing Connected Transactions with CNPC mainly comprise:

- (1) (a) Products and services to be provided by the Group to CNPC/Jointly-held Entities;  
(b) Financial services to be provided by the Group to Jointly-held Entities;
- (2) (a) Engineering technology services to be provided by CNPC/Jointly-held Entities to the Group;  
(b) Production services to be provided by CNPC/Jointly-held Entities to the Group;  
(c) Material supply services to be provided by CNPC/Jointly-held Entities to the Group;  
(d) Social and living support services to be provided by CNPC/Jointly-held Entities to the Group;

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## LETTER FROM THE BOARD

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- (e) Financial services to be provided by CNPC (excluding CNPC Finance) /Jointly-held Entities to the Group, which include:
  - (i) Aggregate of the maximum daily amount of deposits made by the Group with CNPC (excluding CNPC Finance) and the total amount of interest received in respect of these deposits;
  - (ii) Insurance, handling fees for entrustment loans and other financial services to be provided by CNPC (excluding CNPC Finance) to the Group;
  - (iii) Maximum outstanding daily balance (including the outstanding lease principal, rents, pre-leasing/leasing interest and other fees) due by the Group to Kunlun Leasing in respect of the financial leasing services to be provided by Kunlun Leasing to the Group; and
  - (iv) Loans and other financial assistance to be provided by CNPC (excluding CNPC Finance) /Jointly-held Entities to the Group;
- (f) Land lease to be provided by CNPC to the Group; and
- (g) Buildings lease to be provided by CNPC to the Group.

**1.2.2** The implications of the Continuing Connected Transactions with CNPC under the HKEx Listing Rules are as below:

- (1) Under the Rule 14A.90 of the HKEx Listing Rules, 1.2.1(2)(e)(iv) loans and other financial assistance to be provided by CNPC (excluding CNPC Finance) /Jointly-held Entities to the Group, being financial assistance provided by a connected person for the benefit of the listed issuer on normal commercial terms (or better to the listed issuer) where no security over the assets of the listed issuer is granted in respect thereof, is fully exempted from shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the HKEx Listing Rules.
- (2) Under the Rule 14A.76(2) of the HKEx Listing Rules, the following categories of Continuing Connected Transactions with CNPC are exempted from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements, as each of the applicable percentage ratios under Rule 14.07 of the HKEx Listing Rules in relation of each of these categories is, on an annual basis, less than 5%:
  - 1.2.1 (1)(a) Products and services to be provided by the Group to CNPC/Jointly-held Entities;
  - 1.2.1 (1)(b) Financial services to be provided by the Group to Jointly-held Entities;
  - 1.2.1 (2)(c) Material supply services to be provided by CNPC/Jointly-held Entities to the Group;
  - 1.2.1 (2)(d) Social and living support services to be provided by CNPC/Jointly-held Entities to the Group;
  - 1.2.1 (2)(e)(i) Aggregate of the maximum daily amount of deposits made by the Group with CNPC (excluding CNPC Finance) and the total amount of interest received in respect of these deposits (together with the aggregate of maximum daily amount of deposits made by the Group with CNPC Finance and the total amount of interest received in respect of those deposits (the transaction referred to in section 5.2.1(1) of this circular) on an aggregated basis pursuant to Rule 14A.81 of the HKEx Listing Rules);
  - 1.2.1 (2)(e)(ii) Insurance, handling fees for entrustment loans and other financial services provided by CNPC (excluding CNPC Finance) to the Group;

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## LETTER FROM THE BOARD

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1.2.1 (2)(e)(iii) Maximum outstanding daily balance (including the outstanding lease principal, rents, pre-leasing/leasing interest and other fees) due by the Group to Kunlun Leasing in respect of the financial leasing services to be provided by Kunlun Leasing to the Group;

1.2.1 (2)(f) Land lease to be provided by CNPC to the Group; and

1.2.1 (2)(g) Buildings lease to be provided by CNPC to the Group.

- (3) Under the HKEx Listing Rules, the following transactions are Non-Exempt Continuing Connected Transactions with CNPC which are subject to the reporting, announcement and independent shareholders' approval requirements:

1.2.1 (2)(a) Engineering technology services to be provided by CNPC/Jointly-held Entities to the Group; and

1.2.1 (2)(b) Production services to be provided by CNPC/Jointly-held Entities to the Group.

### 1.3 Continuing Connected Transactions with CNPC under the New Comprehensive Agreement

#### 1.3.1 The New Comprehensive Agreement

The Company and CNPC entered into the Comprehensive Agreement on 30 August 2023, which was effective from 1 January 2024 and valid for a term of three years, and will expire on 31 December 2026, for the provisions (1) by the Group to CNPC/Jointly-held Entities and (2) by CNPC/Jointly-held Entities to the Group, of a range of products and services which may be required and requested from time to time by either party and/or its subsidiaries and relevant units (including their respective subsidiaries, branches and other units). Therefore, on 27 March 2026, the Company and CNPC entered into the New Comprehensive Agreement which shall come into effect on 1 January 2027, the principal terms of which are as follows:

#### **(1) Products and services to be provided by the Group to CNPC/Jointly-held Entities**

- (a) Products and services including those relating to crude oil, natural gas, refined oil products, chemical products, supply of water, supply of electricity, supply of gas, supply of heating, quantifying and measuring, entrusted operation and management, material supply and other relevant or similar products and services as may be requested by CNPC/Jointly-held Entities for its own consumption, use or sale from time to time; and
- (b) Financial services provided by the Group to Jointly-held Entities, including entrustment loans, etc.

#### **(2) Products and services to be provided by CNPC/Jointly-held Entities to the Group**

The products and services to be provided by CNPC/Jointly-held Entities to the Group are expected to be more numerous, both in terms of quantity and variety, than those to be provided by the Group to CNPC/Jointly-held Entities. They have been grouped together and categorized according to the following types of products and services:

- (a) Engineering technology services, including but not limited to exploration technology service, downhole operation service, oilfield construction service, refinery construction service, engineering design service and public engineering services;
- (b) Production services, mainly associated with products and services to be provided, arising from the day-to-day operations of the Group, including but not limited to crude oil, natural gas, refined oil products, chemical products, water supply, electricity supply, gas supply, heat supply, communication services and information technology services;
- (c) Material supply services, mainly involving the agency services on the procurement of materials, including but not limited to purchase of materials, quality inspection, storage of materials and delivery of materials, which by virtue of its different nature, are not covered in the engineering technology services and production services referred to above;

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## LETTER FROM THE BOARD

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- (d) Social and living support services, including but not limited to cultural promotional services, staff canteens, training centers, retirement management and re-employment services, etc.; and
- (e) Financial services, including loans and other financial assistance, deposits services, insurance, entrustment loans, settlement services, financial leasing services and other financial services.

### **1.3.2 General principles**

The New Comprehensive Agreement requires in general terms that:

- (1) the quality of products and services to be provided should be satisfactory to the recipient;
- (2) the price at which such products and services are to be provided must be fair and reasonable; and
- (3) the terms and conditions on which such products and services are to be provided should be no less favorable than those offered by independent third parties.

### **1.3.3 Pricing determination**

Pricing principles for the Non-Exempt Continuing Connected Transactions with CNPC:

- (1) Engineering technology services provided by CNPC/Jointly-held Entities to the Group: pricing principles include government-prescribed pricing, market-oriented pricing (which includes tender prices) and agreed contractual price; and
- (2) Production services provided by CNPC/Jointly-held Entities to the Group: pricing principles include government-prescribed pricing plus diversion cost (if any), market-oriented pricing, agreed contractual price and the actual cost incurred.

The New Comprehensive Agreement details specific pricing principles for the products and services to be provided pursuant to the New Comprehensive Agreement. The pricing determination of the New Comprehensive Agreement remains consistent with that of the Comprehensive Agreement. If, for any reason, the specific pricing principle for a particular product or service ceases to be applicable, whether due to a change in circumstances or otherwise, such product or service must then be provided in accordance with the following general pricing principles:

- (1) government-prescribed price (this applies to products and services such as refined oil products, natural gas, water supply, electricity supply (in certain regions), gas supply and heat supply (plus diversion costs in respect of supply of water, electricity, gas and heat)); or
- (2) where there is no government-prescribed price, then according to the relevant market-oriented prices (at present, this applies to products and services such as engineering design, project monitoring and management, refinery and chemical facilities construction, crude oil, chemical products, electricity supply (in certain regions), asset leasing, repair of machinery, transportation, purchase of materials, quantifying and measuring and entrusted operation and management, etc.); or
- (3) where neither (1) nor (2) is applicable, then according to:
  - (a) the actual cost incurred (at present, this applies to book information and partial filing storage, maintenance of roads); or
  - (b) the agreed contractual price, being the actual cost for the provision of such product or service plus an addition of not more than:
    - (i) 15% of the cost for certain engineering technology services priced (at present, this applies to products and services such as geophysical prospecting, drilling, well cementing, logging, mud logging, well testing, oil testing and oilfield construction) provided that, such agreed contractual price shall not be higher than the prices

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## LETTER FROM THE BOARD

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available for the provision of such products and services in the international market;  
and

- (ii) 3% of the cost for all other types of products and services priced (at present, this applies to products and services such as downhole operations, equipment maintenance and repair, equipment antiseptic testing and research, technical services, communications and information technology services, firefighting, quality inspection, storage of materials, delivery of materials and training centers).

As a commitment to the investors, the Company has set caps of profit margin in light of the prevailing market circumstances as at the time of the Company's listing, and the caps of profit margin have remained unchanged since then. Based on the past business performance and with reference to the margin of profit before tax of the similar business of more than two comparable companies in market, the Company is of the view that these caps are fair and reasonable and therefore are still in the interests of the Company and its Shareholders as a whole in the present circumstances.

In order to ensure the reasonableness and accuracy of the actual cost for the relevant products and services, the transaction parties under the Company and CNPC will generally negotiate the cost for the products and services to be provided in advance. The cost will be determined based on the number of consumed units and unit price. The number of consumed units will be determined by the parties according to the cost-efficient level or the average level of similar projects in history. The unit price will be determined by the parties with reference to the market-oriented price for cost. Meanwhile, the Company and CNPC have jointly set up a construction cost center comprised of experienced technical experts, which is responsible for the formulation of the cost standards for certain engineering technology services provided by CNPC according to the above-mentioned mechanism. After the provision of relevant products or services, the internal auditors of the Group will review the actual cost of these products or services prepared by CNPC with reference to the negotiation results prior to the transactions or the cost standards formulated by the construction cost center. The settlement and payment shall only be made after the review is approved by the internal auditors.

- (4) with regards to certain special products and services, the following pricing principles are adopted:
  - (a) for public engineering services (means engineering service in relation to oil regions, factory roads, municipal facilities, civil construction and public facilities), in accordance with the set quotas and pricing standards (the quotas specified by the People's Government of respective provinces, autonomous regions or municipalities) if the same have been set uniformly by the government; and via public tendering if no such quotas and pricing standards have been set;
  - (b) for cultural promotional services, the amount charged by CNPC/Jointly-held Entities is determined based on CNPC's/Jointly-held Entities' actual cost incurred in providing such services to the Group and the parties agreed that the amount payable by the Group to CNPC shall in no event exceed the actual amount paid by the Group to the CNPC in 1998 (approximately RMB247 million) and the amount payable by the Group shall gradually decrease on a year-by-year basis;
  - (c) retirement management and re-employment services, the amount charged by CNPC/Jointly-held Entities is determined based on CNPC's/Jointly-held Entities' actual cost incurred in providing such services to the Group and the amount payable by the Group shall gradually decrease on a year-by-year basis.

The definition of "government-prescribed price" refers to the price in respect of certain category of products or services determined by the laws, regulations, decisions, orders or policies, etc. enacted by governments of the relevant countries or regions (including but not limited to the central government, federal government, provincial government, state or coalition government or any organization responsible for domestic ruling and foreign affairs in respect to certain specified territory, irrespective of its name, organization or form) or other regulatory departments.

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## LETTER FROM THE BOARD

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The "government-prescribed price" for different products and services is determined with reference to the following:

**Type of product/service with "government-prescribed prices"**

**Basis for price determination**

Refined oil products

According to the Notice of the National Development and Reform Commission on Further Improving the Pricing Mechanism of Refined Oil (Fa Gai Jia Ge [2016] No. 64) issued by the National Development and Reform Commission on 13 January 2016, the retail price and wholesale price of gasoline and diesel, as well as the supply price of gasoline and diesel to special users such as social wholesale enterprises, railway and transportation, etc., shall be government-guided prices; the supply price of gasoline and diesel to the national reserve and Xinjiang Production and Construction Corps shall be government-prescribed prices. The price of gasoline and diesel shall be adjusted every ten business days with reference to the changes in the international market price of crude oil. The National Development and Reform Commission publishes the maximum retail price in ton of standard gasoline and diesel, and the supply price of gasoline and diesel to the national reserve and Xinjiang Production and Construction Corps on its portal website. The provincial price authorities shall publish the highest wholesale prices and highest retail prices of gasoline and diesel standard products and non-standard products in their regions on the designated websites.

Natural gas

According to the Catalogue of Pricing by the Central Government (Order No.31 of the National Development and Reform Commission of the People's Republic of China) issued by the National Development and Reform Commission on 13 March 2020 and effective on 1 May 2020, the city-gate prices of offshore gas, shale gas, coal-bed gas, coal gas, liquefied natural gas, gas directly supplied to users, gas purchased and sold through gas storage facilities, gas publicly traded on the trading platform, and imported natural gas through pipelines put into operation after 2015, as well as natural gas in provinces with competitive conditions shall be formed on the market; and the city-gate prices of natural gas of other domestic onshore pipelines and imported natural gas through pipelines put into operation before the end of 2014 shall be temporarily governed by the pricing mechanism currently in force, and be liberalized at appropriate time and formed on the market depending on the market-oriented reform progress of natural gas. According to a series of plans for natural gas price reform gradually released by the National Development and Reform Commission in recent years, the current pricing mechanism mainly involves implementing benchmark city-gate price management. The natural gas supply and demand sides negotiate and determine specific city-gate prices within a range of 20% upward and unlimited downward adjustments based on the benchmark city-gate prices published by local governments. At the same time, the seasonal price policies will be carried out to encourage market-oriented trading. Natural gas production and operation enterprises and users are encouraged to actively enter and trade on natural gas trading platforms, and the prices of natural gas publicly traded through trading platforms such as Shanghai and Chongqing Petroleum and Gas Exchange will be formed by the market.

Water supply

According to the Measures for the Administration of Urban Water Supply Prices issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development

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## LETTER FROM THE BOARD

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on 3 August 2021 and effective on 1 October 2021, urban water supply prices are in principle set by the government, and the specific pricing power shall be implemented in accordance with the provisions of the pricing catalogue of local governments.

### Electricity supply

In line with the Electricity Law issued by Standing Committee of the National People's Congress (Order No. 23 of the President of the People's Republic of China) on 28 December 1995 and amended respectively on 27 August 2009, 24 April 2015 and 29 December 2018, for the power purchase price of a power network spanning different provinces, autonomous regions, or municipalities, as well as in a provincial power network, a proposal shall be made through consultation by the enterprises engaged in power production and power network operation, and shall be examined and approved by the pricing administrative department of the State Council. The on-grid electricity price in an independent power network shall be negotiated and proposed by the power production enterprise and the power network operating enterprise and submitted to the pricing administrative department with management authority for approval. For the power produced by locally funded power production enterprises, if an independent power network within different regions of the province is formed or the power is generated for local use, the price shall be under the control of the People's Government of the province, autonomous region or municipality.

### Gas supply

According to the Regulation on the Administration of Urban Gas (PRC State Council Order No.666) issued by the State Council on 19 October 2010 and amended on 6 February 2016, the pricing bureau of the People's Government above the county level could prescribe and adjust the selling price for pipeline gas.

### Heat supply

Prices for the supply of heat are prescribed by the local governments.

Save as disclosed above, the macro government-prescribed prices are updated in accordance with the development of national economy and policies to be issued from time to time. The prices prescribed by the People's Government of the respective provinces, autonomous regions and municipalities are updated from time to time in accordance with the local actual situations. The Company has paid and will continue to pay close attention to the updates of government-prescribed prices and determine the prices for relevant products and services accordingly.

The definition of "market-oriented price" refers to the price determined in accordance with the following order:

- (1) with reference to the price charged, by at least two independent third parties, in areas where such type of product or service is provided and on normal terms in the area where the product or service of comparable scale is being provided at that time; or
- (2) with reference to the price charged, by at least two independent third parties, in nearby areas where such type of product or service is provided and on normal terms in the area or country adjacent to the area where the product or service of comparable scale is being provided at that time.

According to the regulations for the management of bidding and tendering of the Company, in terms of the products or services of which the transaction amount reaches the particular standard prescribed in regulations, the Company shall obtain the above-mentioned market-oriented prices through tendering and the final suppliers of products or services are determined based on the price quotations and other factors including quality of products and services, specific needs of the transaction parties, technical advantages of the suppliers, performance capabilities of the suppliers, and qualification and relevant experience of the suppliers. The operating entities or the tendering center of the Company is responsible for the preparation of tendering requirement documents. A tendering committee comprised of both internal and external randomly picked experts will be established to conduct the tendering process for each project. If the terms offered by CNPC are

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## LETTER FROM THE BOARD

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considered to be comparable to or better than other bidders by the tendering committee after taking into consideration the above-mentioned factors, CNPC will be selected as the supplier. In terms of the products and services of which the transaction amount is lower than the particular standard prescribed in the regulations, the Company shall obtain the above-mentioned market-oriented prices by approaches including negotiation and price comparison, and the final suppliers of products or services are determined based on the price quotations and other factors including quality of products and services, specific needs of the transaction parties, technical advantages of the suppliers, performance capabilities of the suppliers, and qualification and relevant experience of the suppliers. If the terms offered by CNPC are considered to be comparable to or better than other suppliers by such department after taking into consideration the above-mentioned factors, CNPC will be selected as the supplier upon the final approval by the management team of the operating entity.

In addition, the New Comprehensive Agreement specifically stipulates that:

- (1) for the financial services provided by the Group:
  - (a) the pricing of entrusted loans shall be determined based on the Loan Prime Rate and relevant fee charging standards as promulgated by the People's Bank of China and with reference to market-oriented price; and
  - (b) the pricing of other financial services shall be determined based on the prices prescribed by government authorities including, among other things, People's Bank of China and the fee charging standards published by the above-mentioned relevant regulatory authorities and with reference to the market-oriented price.
- (2) for the financial services provided by CNPC/Jointly-held Entities:
  - (a) unless otherwise provided by laws and regulations, the deposit services shall be provided at prices, where the interest rate for RMB deposits shall be based on the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall be no lower than the deposit rates offered by major commercial banks under comparable conditions for the same period; and for foreign currency deposits, with reference to market interest rates and to be determined after negotiation between the parties based on market conditions;
  - (b) the loan services shall be provided at prices where the loan interest rates shall be no higher than the loan rates offered by major commercial banks under comparable conditions for the same type of loans during the same period, in particular, interest rates for RMB loan shall be determined through fair negotiations between the parties with reference to the Loan Prime Rate as authorised and published by the People's Bank of China and market conditions; and the interest rates for foreign currency loans shall be determined through fair negotiations between the parties with reference to market interest rates;
  - (c) the guarantees shall be provided at prices with reference to the market-oriented price of the same risk category; and
  - (d) the pricing of other financial services shall be determined based on the prices prescribed by government authorities including, among other things, People's Bank of China and the fee charging standards published by the above-mentioned relevant regulatory authorities and with reference to the market-oriented price.

For the financial leasing services provided by CNPC to the Group, payments due from the Group shall include rental payable, pre-leasing interest, pre-paid rents and rental deposits, etc. Rental payable, pre-leasing interest and pre-paid rents shall be calculated with reference to the lease principal and the leasing interest rate. Leasing interest rate shall be determined by reference to the Loan Prime Rate as promulgated by the National Interbank Funding Centre authorized by the People's Bank of China. The standard of rental payable, pre-leasing interest (if any), pre-paid rents (if any) and rental deposits (if any) shall be determined on terms no less favorable to the Group than those offered by other independent third parties.

### **1.3.4 Coordination of annual demand of products and services**

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## LETTER FROM THE BOARD

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Two months prior to the end of each financial year, both parties are required to prepare and submit to each other an annual plan detailing the expected demand for products and services to be rendered in accordance with the New Comprehensive Agreement for the forthcoming financial year. Furthermore, one month prior to the end of each financial year, both parties are required to prepare and submit to each other a plan of provision of products and services to each other in accordance with the New Comprehensive Agreement.

### ***1.3.5 Rights and obligations***

The Group retains the right to choose to receive products and services, as contemplated under the New Comprehensive Agreement, from independent third parties where the terms and conditions such as price or quality of products or services offered by such independent third parties may be superior to those offered by CNPC.

In addition, the New Comprehensive Agreement does not require provision of products and services on an exclusive basis. Each party may provide products and services to other third parties, subject always to the obligation that each party must provide those products and services which may be required in accordance with the New Comprehensive Agreement and the annual plan then in force.

### ***1.3.6 Term and termination***

The New Comprehensive Agreement is valid for three years commencing from 1 January 2027. During the term of the New Comprehensive Agreement, termination of the individual product and service implementation agreements may be effected from time to time by the parties to such agreements by providing at least 6 months' written notice of termination in relation to any one or more categories of products or services. Further, in respect of any products or services contracted to be provided on or before the notice of termination, the notice of termination will not affect the completion of the provision of such products and services.

In the event that the Company is unable to find an alternative product or service provider (which shall be communicated by the Company to CNPC from time to time), then unless permitted by the Company in written consent, CNPC must continue providing such products or services.

### ***1.3.7 Comparison between the New Comprehensive Agreement and the Comprehensive Agreement***

Main revised terms and conditions of the New Comprehensive Agreement in comparison with the Comprehensive Agreement are as follows:

- (1) the pricing basis for electricity supply services has been updated in line with changes in the PRC electricity price marketization reform policies and market-oriented prices will be adopted for certain regions under the New Comprehensive Agreement whilst government prescribed price is adopted for such regions under the Comprehensive Agreement; and
- (2) in line with the latest changes in the scope of services, the provision of guarantee services by the Group to Jointly-held Entities and the provision of security services and medical services by CNPC/Jointly-held Entities to the Group have been excluded from the New Comprehensive Agreement.

## **1.4 Land lease provided by CNPC to the Group**

The Company entered into the Land Use Rights Leasing Contract with CNPC on 10 March 2000 under which CNPC has leased parcels of land in connection with and for the purpose of all aspects of the operations and business of the Group covering an aggregate area of approximately 1.145 billion square meters, located throughout the PRC, to the Company for a term of 50 years. The Board believes that a leasing term of 50 years is appropriate for the Land Use Rights Leasing Contract, since the Company is one of the largest petroleum companies in the PRC, which principally engages in the exploration, development, transmission, production and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas, and the relevant land leases are of material significance of the Group's business. The long stability of a 50-year tenure may avoid the unnecessary disruption of the Group's operations and such tenure conforms with normal

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## LETTER FROM THE BOARD

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business practices in the PRC property market. The total fee payable for the lease of all such property may, after the expiration of 10 years from the date of the Land Use Rights Leasing Contract, be adjusted to reflect market conditions prevalent at such time of adjustment, including current market prices and such other pertinent factors as may be considered in negotiating and agreeing to any such adjustment by agreement between the Company and CNPC.

Having regard to the operational need of the Group and changes in the land markets in the recent years, the Company entered into the Supplemental Agreement to the Land Use Rights Leasing Contract with CNPC on 25 August 2011, pursuant to which the parties reconfirmed the area of the leased land parcels, and the Company agreed to rent from CNPC parcels of land situated at 16 different provinces/municipalities with an area of approximately 1.783 billion square meters. Further, the parties agreed to adjust the total rental payable in accordance with the reconfirmed area of leased land parcels and the prevailing situation of the land market, and the adjusted annual rental fee (exclusive of tax and government charges) of the rented parcels of land shall be not more than RMB3,892 million. The expiry date of the Supplemental Agreement to the Land Use Rights Leasing Contract would be the same as the original Land Use Rights Leasing Contract. The Supplemental Agreement to the Land Use Rights Leasing Contract took effect from 1 January 2012 upon the approval of the Board. The Company and CNPC may negotiate to revise the leased area and rental payable every three years according to the production situation and the market situation of the Group.

Since 2012, the Company and CNPC have issued a number of confirmation letters to update the leased area and the rental payable under the Land Use Rights Leasing Contract and the Supplemental Agreement to the Land Use Rights Leasing Contract. Having regard to the actual operational demand of the Group and changes in the land market in recent years, the Company and CNPC issued a confirmation letter in respect of the Land Use Rights Leasing Contract on 30 August 2023, which further adjusted the area for the leased land parcels and the rental payable. The Company agreed to rent from CNPC parcels of land with an aggregate area of approximately 1.134 billion square meters with annual rental payable (exclusive of tax and government charges) adjusted to approximately RMB5,724 million in accordance with the reconfirmed area of leased land parcels and the current situation of the land market. The annual rental payable (exclusive of tax and government charges) per square meter shall be approximately RMB5.04. The Land Use Rights Leasing Contract and the Supplemental Agreement to the Land Use Rights Leasing Contract shall remain unchanged, apart from the leased area and the rental payable. The confirmation letter shall become effective from 1 January 2024.

Having regard to the actual operational demand of the Group and changes in the land market in recent years, the Company and CNPC issued another confirmation letter in respect of the Land Use Rights Leasing Contract on 27 March 2026, which further adjusted the area for the leased land parcels and the rental payable. The Company agreed to rent from CNPC parcels of land with an aggregate area of approximately 1.064 billion square meters with annual rental payable (exclusive of tax and government charges) adjusted to approximately RMB6,151 million in accordance with the reconfirmed area of leased land parcels and the current situation of the land market. The annual rental payable (exclusive of tax and government charges) per square meter shall be approximately RMB5.78, representing an increase of approximately RMB0.74 as compared to the annual rental payable (exclusive of tax and government charges) per square meter under the confirmation letter dated 30 August 2023 as stated above. The other terms of the Land Use Rights Leasing Contract and the Supplemental Agreement to the Land Use Rights Leasing Contract shall remain unchanged, apart from the leased area and the rental payable. The confirmation letter shall become effective from 1 January 2027.

Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司), an independent valuer, has reviewed the confirmation letter and has confirmed that the adjusted rentals payable by the Company to CNPC are fair and reasonable and such rents are not higher than the market level. The date of valuation is 20 March 2026.

As the independent financial advisor opined in its letter when it was engaged for advising on the renewal of continuing connected transaction of the Company in August 2011, a lease term of 50 years is essential to the long-term development of the Group and is in line with normal business practices. Therefore, the Directors (including independent non-executive Directors) still consider that a lease term of 50 years is in line with normal business practices.

### **1.5 Buildings lease provided by CNPC to the Group**

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## LETTER FROM THE BOARD

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On 24 August 2017, the Company entered into the 2017 Buildings Leasing Contract with CNPC, pursuant to which (1) the Company and CNPC have agreed that the 2017 Buildings Leasing Contract became effective from 1 January 2018; (2) the Group agreed to lease from CNPC buildings with an aggregate gross floor area of approximately 1,153.0 thousand square meters and the annual rents shall be paid by the Group based on the actual situations and business development demand, but the annual rental payable shall not exceed the amount of RMB730 million. The Company and CNPC agreed that they may adjust the area of building leased and the rental payable every three years as appropriate according to the status of the production and operations of the Group and the prevailing market price, but the adjusted rental payable shall not exceed the comparable fair market price. The 2017 Buildings Leasing Contract became effective from 1 January 2018 for a term of 20 years.

Since 2018, the Company and CNPC have issued a number of confirmation letters to update the leased gross floor area and the rental payable under the 2017 Buildings Leasing Contract. The Company and CNPC issued a confirmation letter in respect of the 2017 Buildings Leasing Contract on 30 August 2023, which further adjusted the gross floor area for the buildings leased and the rental payable. The Company agreed to rent from CNPC buildings with an aggregate gross floor area of approximately 1,613.1 thousand square meters with annual rental payable (exclusive of tax and government charges) adjusted to approximately RMB893 million in accordance with the reconfirmed gross floor area leased and the current situation of the market. The annual rental payable (exclusive of tax and government charges) per square meter shall be approximately RMB553.39. Save for the adjustments to the leased gross floor area and the rental payable, the 2017 Buildings Leasing Contract shall remain unchanged apart from the gross floor area leased and the rental payable. The confirmation letter became effective from 1 January 2024.

The Company and CNPC issued another confirmation letter in respect of the 2017 Buildings Leasing Contract on 27 March 2026, which further adjusted the gross floor area for the buildings leased and the rental payable. The Company agreed to rent from CNPC buildings with an aggregate gross floor area of approximately 2,825.6 thousand square meters with annual rental payable (exclusive of tax and government charges) adjusted to approximately RMB1,292 million in accordance with the reconfirmed gross floor area leased and the current situation of the market. The annual rental payable (exclusive of tax and government charges) per square meter shall be approximately RMB457.37, representing a decrease of approximately RMB96.02 as compared to the annual rental payable (exclusive of tax and government charges) per square meter under the confirmation letter dated 30 August 2023 as stated above. The other terms of the 2017 Buildings Leasing Contract shall remain unchanged apart from the gross floor area leased and the rental payable. The confirmation letter shall become effective from 1 January 2027.

Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司), an independent valuer, has reviewed the confirmation letter and has confirmed that the adjusted rentals payable by the Company to CNPC are fair and reasonable and such rentals are not higher than the market level, and the term of 20 years is in line with the normal business practices. The date of valuation is 20 March 2026.

The Board considered that a leasing term of 20 years for the 2017 Buildings Leasing Contract was reasonable. The reason is that the Company is one of the largest petroleum companies in the PRC, which principally engages in the exploration, development, transmission, production and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas, and the relevant building leases are of material significance of the Group's business. A long lease term of 20 years can avoid unnecessary suspension of the business. The Directors (including independent non-executive Directors) consider that a lease term of 20 years is in line with normal business practices.

### **1.6 Historical amounts, historical annual caps, proposed annual caps and rationale**

The Board has considered and proposed that the following proposed maximum values in respect of the Continuing Connected Transactions with CNPC (except for the fully exempt Continuing Connected Transactions with CNPC as mentioned in the note of the table below) which will serve as the annual caps of the relevant transactions below for the period from 1 January 2027 to 31 December 2029:

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
(1) Products and services to be provided by the Group to CNPC/Jointly-held Entities				
(a) Products and services	For the two years ended 31 December 2025, approximately RMB64,712 million and RMB61,773 million, respectively.	For the three years ending 31 December 2026, RMB95,900 million, RMB102,900 million and RMB104,100 million, respectively.	For the three years ending 31 December 2029, RMB93,000 million, RMB94,000 million and RMB95,000 million, respectively.	<p>The proposed annual caps for the products and services to be provided by the Group to CNPC/Jointly-held Entities have been determined with reference to the historical transactions and transaction amounts in providing products and services by the Group to CNPC/Jointly-held Entities; the estimated business development of the Group; the estimated business development of CNPC; the potential fluctuations in the prices of crude oil, petrochemical products, natural gas and other oil products and services both in the international market and in the domestic market; and quantities of crude oil and natural gas reserves required (by CNPC as decreed by the government).</p> <p>The Group is of the view that the proposed adjustment in annual caps is in line with the estimated development of the business of the Group and CNPC and is determined based on principles of fairness and reasonableness.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because both the Company and CNPC are large enterprises, with large scale and transaction volumes. Since the annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. As such, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps. Main details are as follows: (1) international trade accounts for a large proportion of this category of connected transactions, and its uncertainty is much greater than other businesses; (2) considering that the Group and CNPC and most of their respective subsidiaries are located in the same region, the Group will supply more products and services to CNPC in order to save logistic costs and improve</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
(b) Financial services	For the two years ended 31 December 2025, approximately RMB2,414 million and RMB0 million, respectively.	For the three years ending 31 December 2026, RMB28,100 million, RMB29,500 million and RMB29,400 million, respectively.	For the three years ending 31 December 2029, RMB4,000 million, RMB4,000 million and RMB4,000 million, respectively.	<p>efficiency. However, as markets and needs from CNPC may change and there is competition from independent third parties on market, products and services actually provided by the Group to CNPC may be less than anticipated. The Group has lowered the proposed annual caps based on the actual conditions, expected changes of the markets in the future and the needs from CNPC.</p> <p>The proposed annual caps for the financial services, including entrustment loans and other financial services, to be provided by the Group to the Jointly-held Entities have been determined with reference to the business development and financing needs of the Jointly-held Entities, and the acquisition opportunities which may arise from time to time in the international market. As the Jointly-held Entities are consolidated into the Group's financial statements, the daily fund management of the Jointly-held Entities is undertaken by the Group and CNPC does not participate in the fund management of the Jointly-held Entities, the Group is of the view that solely providing financial services to the Jointly-held Entities will enable them to have sufficient funding for future business development and acquisition.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because the Group plans to grasp acquisition opportunities that may emerge on the international market from time to time. Once it is confirmed that the Group will proceed with an acquisition, the capital needs can be immense. Accordingly, the Group makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps. In addition, Jointly-held Entities are involved in a number of potential business opportunities, the amount of which are usually relatively huge. However, there is uncertainty in the security terms and arrangement in individual transactions. To ensure the</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
				<p>normal business operation of the Jointly-held Entities, the Company has included all possible transactions when determining annual caps.</p> <p>The reason for the difference between the proposed annual caps and the previous annual caps is mainly because the provision of guarantee services from the Company to the Jointly-held Entities has been excluded from the New Comprehensive Agreement, resulting in a decrease in the proposed annual caps from the previous annual caps. The Company anticipates that the guarantee services to be provided to Jointly-held Entities will be further standardized and separate written agreements will be entered into by the parties, the Company will comply with the HKEx Listing Rules when entering into such separate written agreements.</p>
<b>(2) Products and services to be provided by CNPC/Jointly-held Entities to the Group</b>				
(a) Engineering technology services	For the two years ended 31 December 2025, approximately RMB184,319 million and RMB174,067 million, respectively.	For the three years ending 31 December 2026, RMB236,400 million, RMB250,000 million and RMB256,800 million, respectively.	For the three years ending 31 December 2029, RMB245,500 million, RMB253,000 million and RMB238,000 million, respectively.	<p>The proposed annual caps for the provision of engineering technology services have been determined with reference to the completed transactions and transaction amounts for the engineering technology services provided by CNPC/Jointly-held Entities to the Group and the estimated business development of the Group.</p> <p>The Group has obtained engineering technology services from CNPC in the ordinary course of business, and as one of the most experienced companies in the world, the engineering technology services CNPC provided to the Group are quality services. CNPC is also one of the few companies in the PRC which can provide quality petroleum and petrochemical related engineering technology services.</p> <p>The Group is of the view that the proposed adjustment in annual caps is in line with the estimated development of the business of the Group and is determined based on principles of fairness and reasonableness.</p> <p>The difference between the 2024 and 2025 annual caps and the historical</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
(b) Production services	For the two years ended 31 December 2025, approximately RMB169,705 million and RMB175,880 million, respectively.	For the three years ending 31 December 2026, RMB227,400 million, RMB234,400 million and RMB236,400 million, respectively.	For the three years ending 31 December 2029, RMB250,000 million, RMB236,000 million and RMB240,000 million, respectively.	<p>amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because (1) both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans and the Group's needs for production and operation when applying for the annual caps. Main details are as follows: CNPC's competitiveness in the industry is comparably stronger as it has human resource advantages, technological advantages and cost advantages, etc. When estimating the caps, the Group shall consider the possibility that CNPC will participate in all the projects. However, CNPC might not be able to participate in all the projects in practice due to specific conditions of different projects; and (2) taking into account the increasing storage and production of the upstream business of the Group, the Group's transformation and upgrading of refining and chemicals business, the Group's strategic layout and continuous development of its new energy, new materials and other businesses, the amount of engineering technology services to be procured by the Group from CNPC is expected to be higher than the actual amounts in 2024 and 2025.</p> <p>The proposed annual caps for the production services to be provided by CNPC/Jointly-held Entities to the Group have been determined with reference to the previous transactions conducted and transaction amounts in respect of production services provided by CNPC to the Group; the estimated business development of the Group, and the potential changes of the prices of oil and gas products and services in the international and the PRC market.</p>

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**LETTER FROM THE BOARD**

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<b>Transaction categories</b>	<b>Historical amounts</b>	<b>Historical annual caps</b>	<b>Proposed annual caps for 2027 to 2029</b>	<b>Basis of determination of the proposed annual caps</b>
				<p>Production services mainly consist of water supply, electricity supply, gas supply, the supply of petroleum, natural gas and petrochemical products and other services by CNPC/Jointly-held Entities to the Group. The Group is of the view that the proposed adjustment in annual caps is in line with the estimated development of the business of the Group and is determined based on principles of fairness and reasonableness.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because (1) both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps. Main details are as follows: (a) international trade accounts for a large proportion of this category of connected transactions, and its uncertainty is much greater than other businesses; (b) due to the objective to maintain the quality of crude oil and natural gas, CNPC is required to replace its crude oil and natural gas reserve from time to time and supply the replaced crude oil and natural gas to the Group to conduct production and sales activities; and (2) in view of the Group's strategic layout such as internationalization and the needs of continuous development of its business, the amount of production services to be procured by the Group from CNPC is expected to increase and be higher than the level of services procured by the Group in 2024 and 2025.</p>
(c) Material supply services	For the two years ended 31 December 2025, approximately	For the three years ending 31 December 2026, RMB41,900	For the three years ending 31 December 2029, RMB41,000	The annual caps for the provision of the material supply services to be paid by the Group to CNPC have been determined by reference to the estimated business development of the Group.

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
	RMB34,945 million and RMB35,629 million, respectively.	million, RMB42,800 million and RMB41,900 million, respectively.	million, RMB41,000 million and RMB41,000 million, respectively.	<p>CNPC is one of the leading buyers of petrochemical raw materials in the PRC. With the economic scale and the collective bargaining power of CNPC, the centralized purchase of materials by CNPC can stabilize the purchase prices of the Group's raw materials.</p> <p>The Group is involved in a number of oil and gas fields and refinery construction projects in which CNPC provides to the Group material supply services.</p> <p>The Group is of the view that the proposed adjustment in annual caps is in line with the estimated development of the business of the Group and is determined based on principles of fairness and reasonableness.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps in order to satisfy the needs of changes in the Group's production and operations.</p>
(d) Social and living support services	For the two years ended 31 December 2025, approximately RMB3,667 million and RMB3,548 million, respectively.	For the three years ending 31 December 2026, RMB5,000 million, RMB5,100 million and RMB5,200 million, respectively.	For the three years ending 31 December 2029, RMB5,000 million, RMB5,000 million and RMB5,000 million, respectively.	<p>The majority of the Group's local subsidiaries are situated in isolated industrial or mining zones, where few social and living support services are available from independent third parties on more favorable terms, if at all. It is therefore more convenient for CNPC to provide such services.</p> <p>The proposed annual caps for social and living support services have been determined with reference to the previous transactions conducted and</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
				<p>transaction amounts in respect of the social and living support services provided by CNPC to the Group, estimated development of the Group's business and possible future reforms to the social and living support services provided by CNPC. The Group is of the view that the proposed annual caps are in line with the development of the business of the Group, and are determined based on principles of fairness and reasonableness.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because both the Company and CNPC are large enterprises, with a large scale and large volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps in order to satisfy the needs of changes in the Group's production and operations.</p>
(e) Financial services				
(i) Aggregate of maximum daily amount of deposits to be made by the Group with CNPC (excluding CNPC Finance) and the total amount of interests to be received in respect of these deposits	For the two years ended 31 December 2025, approximately RMB9,891 million and RMB9,500 million, respectively.	For the three years ending 31 December 2026, RMB10,000 million, RMB10,000 million and RMB10,000 million, respectively.	For the three years ending 31 December 2029, RMB15,000 million, RMB15,000 million and RMB15,000 million, respectively.	<p>The proposed annual caps for the deposit services (aggregate of deposits and interests) to be provided by CNPC (excluding CNPC Finance) to the Group have been determined with reference to the estimated business development of the Group, the Group's historical cash flow and levels of deposits and the competitive interest rates offered by financial institutions.</p> <p>In order to optimize cash flow management and capital efficiency of the Group, CNPC's commercial banks provide a full range of financial services to the Group. The Group is of the view that the proposed annual caps are in line with the development of the business of</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
				<p>the Group and are determined based on principles of fairness and reasonableness.</p> <p>Unless otherwise provided by laws and regulations, the interest rate for RMB deposit services shall be determined according to the market interest rates pricing self-discipline mechanism guided by the People's Bank of China, and shall not be lower than the interest rate for deposit services offered by major commercial banks under comparable conditions for the same period; and interest rate for foreign currency deposit services shall make reference to market interest rate and be determined after negotiation between the parties based on market conditions.</p> <p>In 2024 and 2025, the historical amounts of the deposits made by the Group with other financial institutions under CNPC and the total amount of interests received in respect of these deposits were close to the proposed annual caps for deposit services for the relevant years; taking into account the Group's expected future business development and the need for centralised management of its subsidiaries' capital, the proposed annual caps are higher than the historical amounts.</p>
(ii) Insurance, handling fees for entrustment loans, and other financial services (excluding those provided by CNPC Finance)	For the two years ended 31 December 2025, approximately RMB1,652 million and RMB1,719 million, respectively.	For the three years ending 31 December 2026, RMB2,500 million, RMB3,000 million and RMB3,400 million, respectively.	For the three years ending 31 December 2029, RMB3,500 million, RMB4,000 million and RMB4,500 million, respectively.	<p>To optimize cash flow management and capital efficiency of the Group, CNPC's financial institutions provide a full range of financial services to the Group. The proposed annual caps for the insurance, handling fees for entrustment loans, and other financial services to be paid by the Group to CNPC (excluding CNPC Finance) have been determined with reference to the estimated business development of the Group, the historical amounts incurred and the competitive fees offered by financial institutions.</p> <p>Through captive insurance, property insurance and life insurance services provided by CNPC Captive Insurance Co., Ltd. (中石油專屬財產保險股份有限公司), in which CNPC holds 51% issued share capital, and Generali China Life Insurance Co., Ltd (中意人壽保險有限公司), in which CNPC holds 50%</p>

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## LETTER FROM THE BOARD

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<b>Transaction categories</b>	<b>Historical amounts</b>	<b>Historical annual caps</b>	<b>Proposed annual caps for 2027 to 2029</b>	<b>Basis of determination of the proposed annual caps</b>
				<p>issued share capital, the Group obtains broader and more in-depth access to different types of insurance, including property, personal injury and liability, etc. This enhances the Group's ability to manage risks.</p> <p>Fees with respect to the guarantee services shall be referred to the market-oriented price of the same risk category; the pricing of other financial services shall be determined based on the prices prescribed by government authorities including, among other things, People's Bank of China and the fee charging standards published by the above-mentioned relevant regulatory authorities and with reference to the market-oriented price. Currently, settlement services provided by financial institutions under CNPC (including bills of exchange, entrusted fund collection, bank-enterprise direct connection, account management and fund management, etc.) can offer more simplicity and expediency in terms of approval process and settlement efficiency compared to other commercial banks in the market.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because (1) both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps; (2) the Group will purchase insurance from independent third parties which provide better terms or services. However, to ensure the Group's risk management requirements, the Group included all possible required insurance amount when determining annual caps; and (3) the amount and coverage of the financial services such as insurance</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
<p>(iii) Financial leasing services</p> <p>Maximum outstanding daily balance (including the outstanding lease principal, rents, pre-leasing/leasing interest and other fees) due by the Group</p>	<p>For the two years ended 31 December 2025, approximately RMB383 million and RMB168 million, respectively.</p>	<p>For the three years ending 31 December 2026, RMB3,000 million, RMB3,000 million and RMB4,000 million, respectively.</p>	<p>For the three years ending 31 December 2029, RMB3,000 million, RMB3,500 million and RMB4,500 million, respectively.</p>	<p>demanded by the Group will increase accordingly with the continuous development of business and the increase of assets of the Group.</p> <p>In order to maintain its investment in development of oil and gas area with scale, major refining infrastructure and sale networks for refined products, the Group needs service support from financial companies which are capable of providing low cost, reliable fund-raising, financing and settlement services of high quality, flexibility and convenience, in such a way as to reconcile financial capital with industrial capital. Leveraging on the financial edge of Kunlun Leasing, the Group will be capable of deepening financing innovation, broadening sources of financing and ensuring timely and effective availability of capital required for the Group's strategic development. The Group would also be able to refine the Group's management of interest-bearing debt and match potential project investment return to fund-raising and financing capabilities, and capital operations to operating cash flows. The proposed annual caps for the maximum outstanding daily balance (including the outstanding lease principal, rents, pre-leasing/leasing interest and other fees) due by the Group have been determined with reference to the estimated business development of the Group, the historical amounts incurred and the fee charging standards offered by Kunlun Leasing.</p> <p>Kunlun Leasing is capable of providing the Group with better quality services at prices, terms and conditions which are no less favorable than those offered by any other third-party financial institutions.</p> <p>The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical maximum outstanding daily balances for 2024 and 2025 are mainly because financial leasing is only one of the financing means used by the Group. In practice, the Group will make general adjustments</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
<p>(f) Land lease</p> <p>The value of right-of-use assets relating to the land to be leased by CNPC to the Group</p>	<p>For the two years ended 31 December 2025, approximately RMB6,213 million and RMB5,586 million, respectively.</p> <p><i>Note: the above amounts are the annual value of right-of-use assets relating to land lease. For the two years ended 31 December 2025, the rent amount (exclusive of tax and government charges) paid by the Group to CNPC was approximately RMB1,948 million and RMB2,583 million, respectively.</i></p>	<p>For the three years ending 31 December 2026, RMB16,802 million, RMB11,186 million and RMB5,778 million, respectively.</p>	<p>For the three years ending 31 December 2029, RMB18,300 million, RMB12,300 million and RMB6,200 million, respectively.</p>	<p>to the means of financing taking into consideration the prevailing circumstances and the needs of the Group and may use other means of financing. As a result, the historical amounts incurred for financial leasing are lower than the relevant annual caps. However, as the Group may still need to use financial leasing as a means of financing, therefore, the proposed annual caps have been determined with reference to the estimated capital needs of the Group, circumstances of the relevant assets and the cost of financing in the market, etc.</p> <p>The Board considers that the proposed annual caps on the land lease to be provided by CNPC to the Group would ensure that the Group achieves its future business development plans.</p> <p>In the light of the fact that International Financial Reporting Standard No. 16 "Leases" has become effective on 1 January 2019 and pursuant to the requirements of the Hong Kong Stock Exchange, the basis of determination of the proposed annual caps for the period from 2027 to 2029 have been determined with reference to the annual value of right-of-use assets relating to the land lease. The annual value of the right-of-use assets is mainly based on the recognition of the current value of the minimum lease payment and the measurement of the corresponding lease liability.</p> <p>The 2024-2026 historical annual caps were the value of right-of-use assets based on the then market prices prepared by the valuer engaged by the Company, however CNPC rented the lands to the Group at prices lower than the valued prices. Thus, the historical amounts are lower than the historical annual caps.</p> <p>The proposed annual caps of 2027-2029 for land lease are mainly based on: (1) the total value of right-of-use assets relating to land lease for the period of 2027-2029; (2) the estimated changes in annual leasing fees to be paid in respect of the land lease for the period of 2027-2029 and relevant situation of the market</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
<p>(g) Buildings lease</p> <p>The value of right-of-use assets relating to the buildings to be leased by CNPC to the Group</p>	<p>For the two years ended 31 December 2025, approximately RMB1,917 million and RMB1,607 million, respectively.</p> <p><i>Note: the above amounts are the annual value of right-of-use assets relating to buildings lease. For the two years ended 31 December 2025, the rent amount (exclusive of tax and government charges) paid by the Group to CNPC was approximately RMB619 million and</i></p>	<p>For the three years ending 31 December 2026, RMB2,593 million, RMB1,718 million and RMB874 million, respectively.</p>	<p>For the three years ending 31 December 2029, RMB 3,800 million, RMB 2,600 million and RMB 1,300 million respectively.</p>	<p>price of land lease; (3) the expected right-of-use rate determined based on the five-year period loan interest issued by the People's Bank of China and with reference to the interest rate for the Company's new loans. Pursuant to the confirmation letter in respect of the Land Use Rights Leasing Contract issued by the Company and CNPC on 27 March 2026, the expected annual rents (exclusive of tax and government charges) to be paid for 2027-2029 are approximately RMB6,151 million, representing an increase of approximately RMB427 million as compared with RMB5,724 million for 2024-2026, mainly considering the increase in the land rental market price and land price and the Group's business development needs. Thus, the proposed annual caps have increased.</p> <p>The Board considers that the proposed annual caps in respect of the building leases to be provided by CNPC to the Group would ensure that the Group achieves its future business development plans.</p> <p>In the light of the fact that International Financial Reporting Standard No. 16 "Leases" has become effective on 1 January 2019 and pursuant to the requirements of the Hong Kong Stock Exchange, the basis of determination of the proposed annual caps for the period from 2027 to 2029 have been determined with reference to the annual value of right-of-use assets relating to buildings lease. The annual value of right-of-use assets is mainly based on the recognition of the current value of the minimum lease payment and the measurement of the corresponding lease liability.</p> <p>The proposed annual caps of 2027-2029 for buildings lease are mainly based on: (1) the total value of right-of-use assets relating to the buildings lease for the period of 2027-2029; (2) the estimated changes in annual leasing fee to be paid in respect of the buildings lease for the period of 2027-2029 and relevant situation of the market price of buildings lease; (3) the discount rate determined based on the five-year period loan</p>

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## LETTER FROM THE BOARD

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Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
	RMB764 million, respectively.			<p>interest issued by the People's Bank of China and with reference to the interest rate for the Company's new loans. Pursuant to the confirmation letter in respect of 2017 Buildings Leasing Contract issued by the Company and CNPC on 27 March 2026, the expected annual rents (exclusive of tax and government charges) to be paid for 2027-2029 are approximately RMB1,292 million, representing an increase of approximately RMB399 million as compared to approximately RMB893 million for 2024-2026, mainly considering (1) the business development needs of the Group and the leasing term for certain buildings rented by the Group have recently expired or is expiring soon, additional buildings owned by CNPC will be rented to the Group as extension and/or replacement, including storage depots, office buildings, etc.; and (2) certain target companies and assets acquired by the Group from CNPC (including China Petroleum Electric Energy Co., Ltd. (中國石油集團電能有限公司)) will continue to use CNPC-owned buildings after the acquisition, the area of buildings to be rented by the Group from CNPC will be increased by approximately 1,212.5 thousand square meters. Thus, the proposed annual caps have increased.</p>

*Notes: The New Comprehensive Agreement also provides for loans and other financial assistance to be provided by CNPC (excluding CNPC Finance) /Jointly-held Entities to the Group. These transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the HKEx Listing Rules, pursuant to the Rule 14A.90 of the HKEx Listing Rules. Please refer to paragraph 1.2 of this circular for details.*

### 1.7 Reasons for and benefits of the Continuing Connected Transactions with CNPC

CNPC is an integrated energy and chemical industry corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance. The Company is a joint-stock company established during the reorganization of CNPC on 5 November 1999. CNPC injected the assets, liabilities and rights related to its core business into the Company, such as oil and gas exploration and development, oil refinement, petrochemical, sales and marketing, natural gas sales and marketing and related scientific research, etc. CNPC is the sole promoter of the Company. The Company completed its offshore listing in April 2000 and CNPC continues to be the controlling shareholder of the Company. CNPC retained businesses related to the production and operation of petroleum and natural gas, such as engineering technology services, production services, material supply services, social and living support services and financial services, etc. These businesses can provide a series of necessary services in relation to the production and operation of the Company and its subsidiaries and the livelihood of their employees. CNPC is one of the most experienced and competent companies in the global petroleum industry and equipped

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## LETTER FROM THE BOARD

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with strong advantages of talented employees, advanced technology, experience and cost and geographical vicinity. CNPC and the Company have been in a good and long-term cooperation relationship with each other and accumulated rich experience in cooperation. CNPC is one of the few companies providing quality petroleum and petrochemical related engineering technology services and has competitive advantages in safety, reliability, professional techniques and equipment, which can satisfy the high technological, quality, safety and environmental standards of the Group, and provide services and business support for certain remote areas where the Group operates. Therefore, the Company believes that the Continuing Connected Transactions with CNPC will be beneficial to the continued operation and development of the Group, which mainly includes:

- (1) The engineering technology, production and financial services provided to the Group by CNPC have competitive advantages over other service providers in the same industry in the PRC. CNPC has significant experience, technology and cost advantages when compared with other service providers;
- (2) The petroleum industry has its unique requirements for technology and quality, and the oil and gas engineering and technological services provided by CNPC are of higher standards within the industry, which can satisfy the technological and quality standards of the projects invested in and operated by the Group. At the same time, high quality services can also reduce safety and environmental protection risks of the Group significantly;
- (3) The financial institutions under CNPC have been providing financial services to the Group for many years and have established a comprehensive cooperation mechanism with the Group, which can provide more efficient internal settlement services and more favorable interest rates, reduce the Group's costs and facilitate the Group's more efficient and convenient business operations. The insurance institutions under CNPC are familiar with the risk situations of the Group and provide customized risk protection plans which can ensure the insurance compensation is efficient and fast and continuously enhance the Group's ability to resist risks. Among which, the Group holds 49% issued share capital in CNPC Captive Insurance Co., Ltd. (中石油專屬財產保險股份有限公司), which enables the Group to share stable dividend returns while obtaining insurance protection. Kunlun Leasing is capable of providing low cost, reliable fund-raising and financing services of high quality, flexibility and convenience and other cost reduction and tax saving services that can reduce equipment procurement costs and operating expenses and deduct interest value-added tax of the Group, which will support the Group to maintain its scale of investment in development of oil and gas, major refining infrastructure and in sale networks for refined products; and
- (4) The Group's main oil fields and refining and chemical production facilities are scattered across different regions, some of which are in remote areas with harsh operating conditions. CNPC and its subsidiaries can provide service and business support to the Group locally, which, to a large extent is beneficial to the Group's continued development in such regions.

Actual practices prove that the Continuing Connected Transactions with CNPC benefit the continued operation and development of the Group.

Given the nature of the cooperation between the Company and CNPC, the Company considers the New Comprehensive Agreement, the Non-Exempt Continuing Connected Transactions with CNPC and their proposed annual caps to be one significant proposal. As such, the New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC will be proposed to the AGM for Independent Shareholders' consideration and approval as one single resolution. Any votes by the Independent Shareholders on such resolution will be applicable to the New Comprehensive Agreement as well as the proposed annual caps in respect of each of the Non-Exempt Continuing Connected Transactions with CNPC alike.

The Directors (including the independent non-executive Directors) consider that (1) the Continuing Connected Transactions with CNPC is beneficial for the continued and healthy development of the Company. CNPC is one of the most experienced and competent companies in the global petroleum and gas industry and equipped with strong advantages of talented employees, advanced technology, experience and cost and geographical vicinity. CNPC and the Company have been in a good and long-term cooperation relationship with each other and accumulated rich experience in cooperation. CNPC is one of the few companies providing quality oil, gas and petrochemical related engineering technology services and has competitive advantages in safety, reliability, professional techniques and equipment, which can satisfy the high technological, quality, safety and

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## LETTER FROM THE BOARD

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environmental standards of the Company, and provide services and business support for certain remote areas where the Company operates; (2) the Continuing Connected Transactions with CNPC are in the interests of the Company and the Shareholders as a whole. The Continuing Connected Transactions with CNPC are and will be conducted in the ordinary and usual course of business of the Group and have been and will be conducted on normal commercial terms or on terms no less favorable than those available to the Group from independent third parties; the products and services provided by CNPC are on non-exclusive basis, and the Company has the right to choose to receive products and services from CNPC or independent third parties with lower prices or better quality; and CNPC must not cease providing the products and services in the case the Company could not find other suppliers. The terms of the Continuing Connected Transactions with CNPC are conducted under prevailing market conditions, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps for the Continuing Connected Transactions with CNPC are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. At the same time, the Continuing Connected Transactions with CNPC do not harm the interests of the Company and the Independent Shareholders, will not have an adverse effect on the Company's current and future financial conditions, and will not affect the Company's independence.

### 1.8 Approval by the Board and Independent Shareholders

CNPC is a controlling shareholder of the Company. As at the Latest Practicable Date, CNPC and its associates directly or indirectly held 150,583,363,267 A Shares and 399,472,000 H Shares of the Company, representing an aggregate of 150,982,835,267 Shares, or approximately 82.49% of the total issued Shares of the Company. By virtue of the above, CNPC is a connected person of the Company under the HKEx Listing Rules. Transactions between the Company and CNPC constitute continuing connected transactions of the Company under the HKEx Listing Rules. Jointly-held Entities (excluding CNPC Finance) are companies in which the Company and CNPC jointly hold shares while CNPC and/or its subsidiaries (individually or together) is/are entitled to exercise, or control the exercise of, 10% or more of the voting power of these companies at any general meeting of such companies, and therefore, Jointly-held Entities are connected persons of the Company and transactions between the Group and Jointly-held Entities constitute connected transactions of the Company under the HKEx Listing Rules. The terms and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC are subject to approval by the Independent Shareholders under the HKEx Listing Rules. However, pursuant to the requirements under the Listing Rules of Shanghai Stock Exchange, the terms and the proposed annual caps in respect of Continuing Connected Transactions with CNPC under the New Comprehensive Agreement (except for the fully exempt continuing connected transactions under the categories of 1.2.1(2)(e)(iv) in this circular) are subject to approval by the Independent Shareholders. In view of the interests of CNPC, CNPC and its associates will abstain from voting in relation to the resolution approving the terms and the proposed annual caps in respect of the Continuing Connected Transactions with CNPC.

The audit and risk management committee of the Board gave advice to the Board about the Continuing Connected Transactions with CNPC and their proposed annual caps. The audit and risk management committee of the Board is of the view that the terms of the New Comprehensive Agreement are fair and reasonable, the Continuing Connected Transactions with CNPC are conducted in the ordinary course of business of the Group and on normal commercial terms, and in the interest of the Company and the Shareholders as a whole. Thus, the audit and risk management committee of the Board approved the entering into of the New Comprehensive Agreement between the Company and CNPC and the proposed annual caps for the transactions contemplated thereunder. The Board (including the independent non-executive directors) has reviewed the advice and is of the view that such transactions are in the ordinary course of business of the Group, and have been entered into on normal commercial terms or terms no less favorable to the Group than those with independent third parties, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole. On such basis, the Board suggests the Independent Shareholders to approve the terms and the proposed annual caps in respect of the Continuing Connected Transactions with CNPC.

On 27 March 2026, the 17<sup>th</sup> meeting of the ninth session of the Board was convened by way of a combination of physical meeting and virtual meeting, at which the non-connected Directors unanimously approved the resolution on the renewal of the New Comprehensive Agreement in relation to the continuing connected transactions between the Company and CNPC and the Jointly-held Entities. Each of Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are deemed as connected directors of the Company by virtue of their positions in CNPC, abstained from voting on the relevant resolution of the Board. Save as disclosed above, none of the Directors has any material interest in the transactions abovementioned.

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## LETTER FROM THE BOARD

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The Independent Board Committee has given their view on the terms and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC after considering the advice from the Independent Financial Advisor on the same in this circular. Please refer to page 49 of this circular for details.

### **2. THE COMPANY'S INTERNAL CONTROL MEASURES TO ENSURE THAT THE CONTINUING CONNECTED TRANSACTIONS ARE CONDUCTED IN ACCORDANCE WITH THE NEW COMPREHENSIVE AGREEMENT**

The Company will strictly enforce a series of policies, including connected transaction management methods, internal control management handbook and internal control assessment management methods, to ensure the continuing connected transactions of the Company are conducted in accordance with the New Comprehensive Agreement. The Company's audit and risk management committee and external auditors shall conduct annual supervision and inspection and external audits of the effectiveness of the Company's internal control system, including two tests on internal control at the middle and end of each year; the audit and risk management committee of the Board shall review the evaluation of internal control and the implementation of the continuing connected transactions twice a year.

The Company has established a series of internal control measures to ensure that the pricing basis for the continuing connected transactions of the Company will follow the prescribed pricing mechanism under the framework agreements, including:

- (1) For products and services where the government-prescribed price applies, when any laws, regulations or other regulatory documents in relation to government-prescribed price in respect of certain category of products or services come into effect, the pricing department of the Company will forward these regulatory requirements to its operating entities and require all the operating entities to follow the government-prescribed price. The internal audit department of the Company will review the enforcement of the government-prescribed price by the operating entities from time to time. All the operating entities shall accept the law enforcement supervision by the pricing authorities of the government;
- (2) For products and services where the market-oriented price applies, all the operating entities of the Company shall comply with the regulations for the management of bidding and tendering of the Company. In terms of the product or service of which the transaction amount reaches the particular standard prescribed in regulations, all the operating entities shall determine their suppliers of products and services through tendering. The operating entities or the tendering center of the Company is responsible for the preparation of tendering requirement documents. A tendering committee comprised by both internal and external randomly picked experts will be established to conduct the tendering process for each project and determine the final suppliers. In terms of the product and service of which the transaction amount is lower than the particular standard prescribed in regulations, all the operating entities shall obtain the above-mentioned market-oriented prices by approaches including negotiation and price comparison, and the final suppliers of products or services are determined based on the price quotations and other relevant factors;
- (3) For products and services where the actual cost or agreed contractual price applies, the operating entities of the Group and CNPC will generally negotiate the cost for the products and services to be provided in advance. Meanwhile, the Company and CNPC have jointly set up a construction cost center comprised by experienced technical experts, which is responsible for the formulation of the cost standards for certain engineering technology services provided by CNPC. After the provision of relevant products or services, the internal auditors of the Group will review the actual cost of these products or services prepared by CNPC with reference to the negotiation results prior to the transactions or the cost standards formulated by the construction cost center. The settlement and payment shall only be made after the review is approved by the internal auditors;
- (4) For social and living support services where the actual costs basis applies, including cultural promotional services and retirement management and re-employment services, the Company and CNPC have jointly established an assessment panel comprising of the management team and experts to assess the actual cost incurred in those services; Upon completion of the assessment, the Group's internal auditors will review the costs for those services with reference to the results of the assessment, and settlement and payment will only be made after the internal auditors have

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## LETTER FROM THE BOARD

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completed the review; in addition, the Group's internal auditors will also timely track the aggregated transaction amount to ensure that the amount for these services decreases gradually on a year-by-year basis;

- (5) The Company's audit department shall regularly conduct internal assessments on the internal control measures every year to ensure that the internal control measures in respect of connected transactions remain complete and effective;
- (6) The Board shall review the financial reports containing the disclosure and analysis of the execution of the continuing connected transactions on a semi-annual basis. The review will mainly include whether the Group and relevant connected persons follow the continuing connected transaction agreements (including the prescribed pricing mechanism thereunder) during the year or half of the year and whether the actual transaction amounts incurred between the Group and relevant connected persons are within the annual caps as approved at the general meeting of the Company (if applicable);
- (7) The independent non-executive Directors shall conduct annual review on the continuing connected transactions and provide annual confirmations in the annual reports of the Company on whether the continuing connected transactions of the Company are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; (iii) according to the relevant agreements the terms of which are fair and reasonable and in the interest of the Company and the Shareholders as a whole;
- (8) The audit and risk management committee of the Board shall conduct review on the annual report and interim report which include the disclosure and analysis of the implementation of the continuing connected transactions; and
- (9) The external auditors of the Company shall report on the continuing connected transactions of the Company every year and issue a letter to the Board in respect of such transactions in accordance with the regulatory rules of the places where the Company is listed, and shall prepare a special report on the related fund transactions by the Controlling Shareholder and their associates.

### 3. GENERAL INFORMATION

#### 3.1 Information on the Company

The Company is a joint stock limited company incorporated on 5 November 1999 under the PRC Company Law as a result of the restructuring of CNPC. The H Shares and A Shares of the Company are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively.

The Company and its subsidiaries principally engage in the exploration, development, transmission, production and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas.

#### 3.2 Information on CNPC

As at the Latest Practicable Date, CNPC holds approximately 82.49% equity interests in the Company (including the 399,472,000 H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing approximately 0.22% of the total issued Shares of the Company), thus CNPC is the controlling shareholder and a connected person of the Company. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company (中國石油天然氣總公司), in July 1998. CNPC is also a state-authorized investment corporation and state-owned enterprise. CNPC is an integrated energy and chemical industry corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance.

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## LETTER FROM THE BOARD

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### 4. INDEPENDENT SHAREHOLDERS' APPROVAL

Pursuant to the HKEx Listing Rules, the Non-Exempt Continuing Connected Transactions with CNPC and their proposed annual caps shall be approved by the Independent Shareholders at the AGM. However, pursuant to the requirements under the Listing Rules of Shanghai Stock Exchange, the terms and the proposed annual caps in respect of Continuing Connected Transactions with CNPC under the New Comprehensive Agreement (except for the fully exempt continuing connected transactions under the categories of 1.2.1(2)(e)(iv) in this circular) are subject to approval by the Independent Shareholders at the AGM. Any Shareholder with a material interest in the transactions and its associates will abstain from voting on the relevant resolutions.

CNPC and its associates will abstain from voting on the relevant resolutions. To the knowledge of the Company and its Directors, as at the Latest Practicable Date, CNPC and its associates hold 150,583,363,267 A Shares and 399,472,000 H Shares, representing approximately 82.49% of the total issued share capital of the Company.

### 5. RENEWAL OF THE NEW FINANCIAL SERVICES AGREEMENT WITH CNPC FINANCE IN RESPECT OF 2027 TO 2029

#### 5.1 Background

Reference is made to the Announcement in respect of, among other things, the provision of financial services by CNPC Finance to the Group pursuant to the Financial Services Agreement from 2024 to 2026. The Company and CNPC Finance renewed the Financial Services Agreement by entering into the New Financial Services Agreement on 27 March 2026, which is valid for a term of three years, and will become effective from 1 January 2027. CNPC Finance is a subsidiary of the Company's controlling shareholder, CNPC, as such, CNPC Finance is a connected person of the Company under Chapter 14A of the HKEx Listing Rules. Transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company. The Company will continue to comply with the provisions of Chapter 14A of the HKEx Listing Rules in relation to the continuing connected transactions with CNPC Finance including the reporting, announcement, annual review and independent shareholders' approval requirements, if applicable.

Pursuant to the Listing Rules of Shanghai Stock Exchange, the Company is required to enter into a written agreement if it enters into a financial services agreement with its connected person which is a finance company and is required to disclose and submit a separate resolution to the Board meeting and a general meeting of the Company for their review.

#### 5.2 The HKEx Listing Rules implications regarding the New Financial Services Agreement

5.2.1 The New Financial Services Agreement with CNPC Finance mainly comprise:

- (1) Aggregate of the maximum daily amount of deposits made by the Group with CNPC Finance and the total amount of interest received in respect of these deposits; and
- (2) Fees such as handling fees for entrustment loans, guarantee services, bills and other financial services to be provided by CNPC Finance to the Group.

5.2.2 The implications of the New Financial Services Agreement with CNPC Finance under the HKEx Listing Rules are as below:

Under the Rule 14A.76(2) of the HKEx Listing Rules, the following categories under the New Financial Services Agreement are exempted from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements, as each of the applicable percentage ratios under Rule 14.07 of the HKEx Listing Rules in relation of each of these categories is, on an annual basis, less than 5%:

5.2.1(1) aggregate of the maximum daily amount of deposits made by the Group with CNPC Finance and the total amount of interest received in respect of these deposits (together with the aggregate of maximum daily amount of deposits made by the Group with CNPC (excluding CNPC Finance) and the total amount of interest received in respect of those deposits (the transaction referred to in section 1.2.1(2)(e)(i) of this circular) on an aggregated basis pursuant to Rule 14A.81 of the HKEx Listing Rules); and

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## LETTER FROM THE BOARD

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5.2.1(2) fees such as handling fees for entrustment loans, guarantee services, bills and other financial services to be provided by CNPC Finance to the Group.

### **5.3 The New Financial Services Agreement with CNPC Finance**

See below for the details of the New Financial Services Agreement:

#### **5.3.1 *The services under the New Financial Services Agreement***

Pursuant to the New Financial Services Agreement, CNPC Finance will provide to the Group deposit services, settlement services and other financial services (including entrustment loans, bills, bonds underwriting, non-financing letter of guarantee services, financial advisory, credit verification and consulting agency business, etc.).

#### **5.3.2 *General principles***

The New Financial Services Agreement requires in general terms that:

- (1) the services to be provided by CNPC Finance shall be conducted on normal commercial terms or better and must be fair and reasonable; and
- (2) the terms and conditions on which such services to be provided by CNPC Finance should be no less favorable than the terms offered to the Group by domestic independent third-party financial institutions during the same period for the same financial service.

#### **5.3.3 *Pricing determination***

Pricing principles:

- (1) government-prescribed price; or
- (2) where there is no government-prescribed price, then the price shall be determined based on the government-guided price;
- (3) where neither (1) or (2) is applicable, then;
  - (a) the price shall be determined with reference to the market price or fee charging standards offered by the independent third parties; or
  - (b) where there is no market price from the independent third parties, then the price shall be determined after arm's length negotiation based on the principle of fairness and reasonableness.

In addition, the New Financial Services Agreement specifically stipulates that:

- (1) the interest rate for Renminbi deposit services shall be determined according to the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall not be lower than the interest rate offered by major commercial banks under comparable conditions for deposits during the same period. The interest rate for foreign currency deposit services shall be determined through fair negotiation between the parties with reference to market interest rates;
- (2) CNPC Finance will not charge the Group in relation to provision of settlement services; and
- (3) Fees for other financial services shall be no higher than the fees offered by independent third parties to the Group for the same category of services and no higher than the fees charged by CNPC Finance to the subsidiaries of CNPC (excluding the Group) for the same category of services.

#### **5.3.4 *Term***

## LETTER FROM THE BOARD

The New Financial Services Agreement is valid for three years commencing from 1 January 2027.

### 5.4 Historical amounts, historical annual caps, proposed annual caps and rationale

The Board has considered and proposed that the following proposed maximum values in respect of the transaction categories under the New Financial Services Agreement (except for the fully exempt continuing connected transactions as mentioned in the note to the table below) which will serve as the annual caps of the relevant transactions below for the period from 1 January 2027 to 31 December 2029:

<b>Transaction categories</b>	<b>Historical amounts</b>	<b>Historical annual caps</b>	<b>Proposed annual caps for 2027 to 2029</b>	<b>Basis of determination of the proposed annual caps</b>
(1) Aggregate of maximum daily amount of deposits to be made by the Group with CNPC Finance and the total amount of interests to be received in respect of these deposits	For the two years ended 31 December 2025, approximately RMB64,988 million and RMB64,019 million, respectively.	For the three years ending 31 December 2026, RMB65,000 million, RMB65,000 million and RMB65,000 million, respectively.	For the three years ending 31 December 2029, RMB75,000 million, RMB75,000 million and RMB75,000 million, respectively.	<p>The proposed annual caps for the deposit services (aggregate of deposits and interests) provided by CNPC Finance to the Group have been determined with reference to the estimated business development of the Group, the Group's historical cash flow and levels of deposits and the competitive interest rates offered by financial institutions. For 2024 and 2025, the Group's settlement amounts with CNPC Finance were RMB44.76 trillion and RMB43.86 trillion, respectively, and the actual deposit amounts accounted for more than 98% of the respective annual caps in those years. For the year ended 31 December 2024, the beginning balance of the Group's deposits with CNPC Finance was RMB46,154 million, with cash inflow of RMB6,079,037 million and cash outflow of RMB6,062,348 million during the year, and the ending balance was RMB62,843 million. For the year ended 31 December 2025, the beginning balance of the Group's deposits with CNPC Finance was RMB62,843 million, with cash inflow of RMB7,427,001 million and cash outflow of RMB7,426,068 million during the year, and the ending balance was RMB63,776 million. The Renminbi interest rate ranged from 0.05% to 2.85%.</p> <p>The interest rate for Renminbi deposit services shall be determined according to the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall not be lower than the interest rate offered by major commercial banks under comparable conditions for deposits during the same period; and the interest rate for foreign currency deposit services shall be determined by the</p>

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## LETTER FROM THE BOARD

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<b>Transaction categories</b>	<b>Historical amounts</b>	<b>Historical annual caps</b>	<b>Proposed annual caps for 2027 to 2029</b>	<b>Basis of determination of the proposed annual caps</b>
				<p>parties through negotiation with reference to market prices.</p> <p>The 2024-2025 annual caps for deposit services of CNPC Finance and the historical amounts of the Group's deposits placed with other financial institutions under CNPC and the total interest received in respect of such deposits were close. The Group has revised the proposed annual caps with reference to the historical transaction amounts and the Group's expected business development.</p> <p>Given that the balance of loans provided by CNPC Finance to the Group generally exceeds the balance of the Group's deposits with CNPC Finance, the Group considers that the proposed annual caps for the Group's deposits with CNPC Finance are in line with the Group's business development and have been determined on a fair and reasonable basis. In addition to deposit services, CNPC Finance also provides loan services to the Group. For the year ended 31 December 2024, the beginning balance of the loans provided by CNPC Finance to the Group was RMB70,513 million, with new loans of RMB39,466 million and repaid loans of RMB44,385 million during the year, and the ending balance was RMB65,594 million. For the year ended 31 December 2025, the beginning balance of the loans provided by CNPC Finance to the Group was RMB65,594 million, with an increase of RMB33,219 million and decrease of RMB21,039 million during this period, and the ending balance was RMB77,774 million. The Renminbi interest rate range was between 1.5%-3.2%. In addition, based on the Group's current business plan, the Company expects that the ratio between the amount of loans to be obtained from CNPC Finance and the amount of deposits to be placed with CNPC Finance will basically remain stable for the three years ending 31 December 2029, and the amount of loans expected to be obtained from CNPC Finance for the three years ending 31 December 2029 will be RMB140,000 million, RMB180,000</p>

## LETTER FROM THE BOARD

Transaction categories	Historical amounts	Historical annual caps	Proposed annual caps for 2027 to 2029	Basis of determination of the proposed annual caps
				million and RMB220,000 million, respectively.
(2) Fees such as handling fees for entrustment loans, guarantee services, bills and other financial services	For the two years ended 31 December 2025, approximately RMB77 million and RMB122 million, respectively.	For the three years ending 31 December 2026, RMB200 million, RMB200 million and RMB200 million, respectively.	For the three years ending 31 December 2029, RMB500 million, RMB500 million and RMB500 million, respectively.	<p>The proposed annual caps for the fees such as handling fees for entrustment loans, guarantee services, bills and other financial services to be paid by the Group to CNPC Finance have been determined with reference to the estimated business development of the Group, the historical amounts incurred and the competitive fees offered by financial institutions.</p> <p>CNPC Finance will not charge the Group in relation to the provision of settlement services. Fees for other financial services shall be determined with reference to the fees offered by independent third parties to the Group for the same category of services and the fees charged by CNPC Finance to the subsidiaries of CNPC (excluding the Group) for the same category of services.</p> <p>The Company has determined the proposed annual caps based on the historical transaction amount and the Group's expected business development. Thus, the Group is of the view that the proposed annual caps are in line with the development of the business of the Group and are determined based on principles of fairness and reasonableness.</p>

*Note: In addition to the financial services provided by CNPC Finance to the Group pursuant to the New Financial Services Agreement, CNPC Finance also provides loan services to the Group from time to time. As these transactions are conducted on normal commercial terms or better and no security over the Group's assets is granted in respect thereof, pursuant to Rule 14A.90 of the HKEx Listing Rules, these transactions are fully exempted from shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the HKEx Listing Rules.*

### 5.5 Reasons for and benefits of the New Financial Services Agreement

CNPC Finance was incorporated with the approval from the People's Bank of China and holds business license and financial permit and is a financial enterprise controlled by CNPC, the controlling shareholder of the Company, which has strong comprehensive strength to provide efficient financial services to the Group's domestic and overseas operations. Details of CNPC Finance are set out below:

- (1) CNPC Finance is the internal settlement, fund raising and financing and capital management platform of CNPC and has been providing deposit, loan, settlement and other financial services to the Group for many years; CNPC Finance has convenient and efficient internal settlement platforms and foreign currency derivative business channels and has established a comprehensive and matured cooperation mechanism with the Group; CNPC Finance will not charge the Group for providing settlement

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## LETTER FROM THE BOARD

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services and other prices provided by CNPC Finance should be no less favorable than the terms and conditions in the market, thus the transactions with CNPC Finance could lower the costs of the Group;

- (2) CNPC Finance is under the supervision of the National Administration of Financial Regulation as a major domestic non-bank financial institution, operates under strict observance with the risk controlling indicators and risk monitoring indicators required by national laws and regulations and has met the regulatory requirements as determined by regulatory indicators over the years. According to the <Industry Statistics of Enterprise Group Finance Companies for 2025> (《企業集團財務公司2025年度行業統計數據》) published by China National Association of Finance Companies, the total asset and equity amount of CNPC Finance ranked the first for 2025 among its domestic counterparts. As at 31 December 2025, the total assets of CNPC Finance was approximately RMB709.09 billion. For the year ended 31 December 2025, CNPC Finance achieved revenue of approximately RMB13.70 billion, and net profit of approximately RMB5.61 billion, which is in a leading position among its domestic counterparts. As at 31 December 2025, the regulatory indicators of CNPC Finance met the regulatory requirements prescribed by National Administration of Financial Regulation, the main regulatory indicators of which are as follows: the capital adequacy ratio of CNPC Finance was 19.71% (the regulatory requirement is  $\geq 10.5\%$ ); the loan-deposit ratio of CNPC Finance (loan-deposit ratio = loan balance/ the sum of deposit balance and paid-in capital) was 31.52% (the regulatory requirement is  $\leq 80\%$ ); the investment ratio of CNPC Finance (investment ratio = total investment / net capital) was 66.63% (the regulatory requirement is  $\leq 70\%$ ); the liquidity ratio of CNPC Finance was 62.07% (the regulatory requirement is  $\geq 25\%$ ); and the fixed asset ratio of CNPC Finance (fixed asset ratio = net fixed assets / net capital) was 0.22% (the regulatory requirement is  $\leq 20\%$ ). Since 2011, CNPC Finance (HK) Limited, a wholly-owned subsidiary of CNPC Finance, has maintained a credit rating next only to PRC's sovereign rating assigned by an international rating agency. This is currently the highest credit rating obtained by domestic financial institutions. In addition, the Company and CNPC Finance agreed on a series of strict risk assessment and control measures in the New Financial Services Agreement to ensure the safety of the Group's deposits in CNPC Finance. Meanwhile, CNPC Finance shall provide various information, including various financial indicators (as well as annual and interim financial reports), semi-annually so that the Group can monitor the risk and financial conditions of CNPC Finance continuously. The Company believes that the risk profile of CNPC Finance is not greater than those of commercial banks in the PRC;
- (3) The balance of loans provided by CNPC Finance to the Group generally exceeded the balance of deposits the Group made with CNPC Finance. As at 31 December 2024 and 31 December 2025, the balance of the Group's deposits with CNPC Finance was RMB62,843 million and RMB63,776 million, representing 28.78% and 26.71% of the total deposits of the Group respectively; as at 31 December 2024 and 31 December 2025, the balance of loans provided by CNPC Finance to the Group was RMB65,594 million and RMB77,774 million respectively. In addition, in order to regulate the connected transactions between the Group and CNPC Finance, the Company and CNPC Finance adopted the "Risk Management Plan of PetroChina Company Limited for Conducting Financial Business with China Petroleum Finance Company Limited", which covers the relevant risk control system and the risk management plan to prevent financial risks and to ensure that the deposits of the Group in CNPC Finance can be utilized at the Group's discretion;
- (4) In order to ensure the normal operation and management of CNPC Finance, CNPC has made relevant undertakings, among other things: (a) CNPC has undertaken not to abuse its rights as a shareholder of CNPC Finance, interfere in the daily business of CNPC Finance or harm the legitimate rights and interest of CNPC Finance and its other shareholders in any way; (b) CNPC has undertaken not to engage in any irregular or improper connected transactions with CNPC Finance, pursue any connected transactions superior than those of similar conditions with other shareholders of CNPC Finance and non-connected persons or obtain any improper benefits using its influence on the operation and management of CNPC Finance; and (c) CNPC has undertaken to establish an effective risk isolation mechanism to prevent the transmission and transfer of risks among CNPC, CNPC Finance and other connected institutions;
- (5) As the shareholder owning 32% shareholding in CNPC Finance, the Company has nominated three directors to participate in major operational decisions of CNPC Finance, supervise and control its operational risks, and is entitled to receive dividend income in proportion to its capital contribution;

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## LETTER FROM THE BOARD

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- (6) CNPC has also undertaken to act as the payer of last resort for CNPC Finance, i.e., CNPC has undertaken that in case of emergency where CNPC Finance has difficulties making payments, CNPC will increase the capital of CNPC Finance in accordance with the actual needs for the purpose of permitting payments to be made, which provides better security of funds as compared to external banks. As at 31 December 2025, the cash at bank and on hand of CNPC was approximately RMB67.22 billion (excluding the cash at bank and on hand of the Group); and
- (7) CNPC Finance has also undertaken that it has established a compliant and comprehensive risk governance framework and full-scope risk and financial management systems to safeguard the security of deposits; CNPC Finance will ensure that the Group's deposits placed with it will be given priority for use in providing settlement, loan and other financial services to the Group, and will endeavor to meet the Group's funding requirements.

Based on the above, the Company believes that the New Financial Services Agreement benefits the continued operation and development of the Group.

The Directors (including the independent non-executive Directors) consider that (1) due to the long-term relationship between the Group and CNPC Finance and it is beneficial for the Company to continue conducting the New Financial Services Agreement with CNPC Finance as these transactions have facilitated and will continue facilitating the operation and growth of the Group's business; (2) the New Financial Services Agreement has been and will be conducted in the ordinary and usual course of business of the Group, have been and will be conducted on normal commercial terms or on terms no less favorable than those available from independent third party financial institutions offered to the Group for the same category of financial services, will continue to be agreed on an arm's length basis with terms that are fair and reasonable to the Group and under prevailing local market conditions, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the proposed annual caps for the New Financial Services Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. At the same time, the New Financial Services Agreement does not harm the interests of the Company and the Independent Shareholders, will not have an adverse effect on the Company's current and future financial conditions, and will not affect the Company's independence.

### **5.6 Approval by the Board and Independent Shareholders**

CNPC Finance is a subsidiary of the Company's controlling shareholder, CNPC. By virtue of the above, CNPC Finance is a connected person of the Company under the HKEx Listing Rules. Transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company, they are subject to the reporting and announcement requirements pursuant to the HKEx Listing Rules and are exempted from independent shareholders' approval as each of the applicable percentage ratios under Rule 14.07 of the HKEx Listing Rules is, on an annual basis, less than 5%. Pursuant to the requirements under the Listing Rules of Shanghai Stock Exchange, the Company proposed the resolution for Shareholders' approval at the AGM. In view of the interests of CNPC, CNPC and its associates will abstain from voting in relation to the resolution approving the terms and the proposed annual caps in respect of the New Financial Services Agreement.

The audit and risk management committee of the Board gave advice to the Board about the New Financial Services Agreement and their proposed annual caps. The audit and risk management committee of the Board is of the view that the terms of the New Financial Services Agreement are fair and reasonable, the New Financial Services Agreement is conducted in the ordinary course of business of the Group and on normal commercial terms, and in the interest of the Company and the Shareholders as a whole. Thus, the audit and risk management committee of the Board approved the entering into of the New Financial Services Agreement between the Company and CNPC Finance and the proposed annual caps for the transactions contemplated thereunder. The Board (including the independent non-executive Directors) has reviewed the advice and is of the view that such transactions are in the ordinary course of business of the Group, and have been entered into on normal commercial terms or terms no less favorable to the Group than those with independent third parties, are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

On 27 March 2026, the seventeenth meeting of the ninth session of the Board was convened by way of a combination of physical meeting and virtual meeting, at which the non-connected Directors unanimously approved the resolution on the renewal of the New Financial Services Agreement between the Company and CNPC Finance. Each of Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are deemed as connected directors of the

## LETTER FROM THE BOARD

Company by virtue of their positions in CNPC, abstained from voting on the relevant resolution of the Board. Save as disclosed above, none of the Directors has any material interest in the transactions abovementioned.

### 6. PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS AND PROPOSED ELECTION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

In accordance with the Articles of Association, the Board shall be composed of 11 to 15 Directors elected by the Shareholders' general meeting and all Directors will hold office for a term of three years. The Board has proposed to (i) re-elect and appoint Mr. Dai Houliang as Director, Mr. Zhou Xinhuai as non-executive Director, Mr. Duan Liangwei as non-executive Director, Mr. Zhou Song as non-executive Director, Mr. Ren Lixin as executive Director, Mr. Xie Jun as non-executive Director, Mr. Zhang Daowei as executive Director, Mr. Song Dayong as executive Director, Mr. Ho Kevin King Lun as independent non-executive Director, Mr. Yan, Andrew Y as independent non-executive Director, Ms. Liu Xiaolei as independent non-executive Director and Mr. Zhang Yuxin as independent non-executive Director (the “**Proposed Re-election and Appointment of Directors**”); and (ii) elect and appoint Mr. Ng Kar Ling Johnny as independent non-executive Director (the “**Proposed Election and Appointment of INED**”) (collectively, the “**Director Candidates**”).

The proposals for the re-election and appointment of Directors and proposed election and appointment of independent non-executive Director will be put forward to the Shareholders for review and approval by way of ordinary resolutions at the AGM. The terms of office of the Director Candidates, if elected, will be three years, commencing from the date on which the relevant resolutions being approved by the Shareholders at the AGM. Their emoluments will be fixed by the Board pursuant to the authorization granted by the Shareholders by reference to the Directors' duties and responsibilities, performance and the results of the Group and the market overall situation.

Director Candidates	Current position(s) in the Company	Proposals
Mr. Dai Houliang	Chairman	Re-elected and appointed to be a Director
Mr. Zhou Xinhuai	Vice Chairman and non-executive Director	Re-elected and appointed to be a Director
Mr. Duan Liangwei	Non-executive Director	Re-elected and appointed to be a Director
Mr. Zhou Song	Non-executive Director	Re-elected and appointed to be a Director
Mr. Ren Lixin	Executive Director and President	Re-elected and appointed to be a Director
Mr. Xie Jun	Non-executive Director	Re-elected and appointed to be a Director
Mr. Zhang Daowei	Executive Director and Senior Vice President	Re-elected and appointed to be a Director
Mr. Song Dayong	Executive Director and Senior Vice President	Re-elected and appointed to be a Director
Mr. Ho Kevin King Lun	Independent non-executive Director	Re-elected and appointed to be an independent non-executive Director
Mr. Yan, Andrew Y	Independent non-executive Director	Re-elected and appointed to be an independent non-executive Director
Ms. Liu Xiaolei	Independent non-executive Director	Re-elected and appointed to be an independent non-executive Director
Mr. Zhang Yuxin	Independent non-executive Director	Re-elected and appointed to be an independent non-executive Director
Mr. Ng Kar Ling Johnny	Independent non-executive Director	Elected and appointed to be an independent non-executive Director

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## LETTER FROM THE BOARD

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The biographical details of the Director Candidates are set out below:

**Mr. Dai Houliang**, aged 62, is a Director and the chairman of the Board, and the chairman of the board and the Party secretary of CNPC. Mr. Dai Houliang is a professor-level senior engineer with a doctorate degree, a member of the 14th Session of the National Committee of the Chinese People's Political Consultative Conference ("NC-CPPCC"), a member of the subcommittee of Human Resources and Environment and an academician of the Chinese Academy of Engineering. From December 1997, he successively served as deputy general manager of Yangzi Petrochemical Corporation, director, deputy general manager, vice chairman, general manager, chairman and a member of the standing Party committee of Yangzi Petrochemical Co., Ltd., deputy chief financial officer, vice president, director, senior vice president, chief financial officer, vice chairman, president and chairman of China Petroleum & Chemical Corporation ("**Sinopec Corp**"). He served as a member of the Party committee of China Petrochemical Corporation ("**Sinopec Group**") in June 2008, the general manager, director, deputy Party secretary of Sinopec Group in May 2016, and the chairman of the board and the Party secretary of Sinopec Group in July 2018. Mr. Dai Houliang has been appointed as the chairman of the board and the Party secretary of CNPC since January 2020 and an executive Director and the chairman of the Board since March 2020.

**Mr. Zhou Xinhuai**, aged 55, is a non-executive Director and the vice chairman of the Board, and a director, general manager and deputy secretary of the Party committee of CNPC. Mr. Zhou Xinhuai is a professor-level senior engineer with a doctorate degree, with extensive work experience in the petroleum industry. Mr. Zhou Xinhuai served as chief geologist of the CNOOC East China Sea Petroleum Administrative Bureau (CNOOC (China) Limited Shanghai Branch) in March 2017, general manager of the exploration department of CNOOC Limited in October 2019, and general manager and secretary of the Party committee of CNOOC (China) Limited Hainan Branch in March 2021. He was appointed deputy general manager and member of the Party committee of China National Offshore Oil Corporation ("**CNOOC**") in March 2022, concurrently serving as director and chief executive officer of CNOOC Limited in April 2022, president of CNOOC Limited from June 2023 to November 2024, director, general manager and deputy secretary of the Party committee of CNOOC in March 2024, and director, general manager and deputy secretary of the Party committee of CNPC in August 2025. He has been appointed as a non-executive Director and the vice chairman of the Board since December 2025.

**Mr. Duan Liangwei**, aged 58, is a non-executive Director, and a director of CNPC, deputy Party secretary, and head office Party secretary. Mr. Duan Liangwei is a professor-level senior engineer with a doctorate degree. From February 2006, Mr. Duan Liangwei successively served as the deputy general manager, safety director, and member of the Party committee of Jilin Petrochemical Branch, the general manager and deputy Party secretary of Dagang Petrochemical Branch, and the general manager and deputy Party secretary of Dalian Petrochemical Branch. He was appointed as deputy general manager of CNPC in March 2017, and served as the safety director of CNPC from April 2017 to February 2021. Mr. Duan Liangwei has been appointed as a Director since June 2017. He was appointed as a member of the Party committee of CNPC in September 2019, concurrently served as the president of the Company from March 2020 to March 2021, appointed as a director and deputy Party secretary of CNPC since September 2020 and head office Party secretary of CNPC since October 2020..

**Mr. Zhou Song**, aged 53, is a non-executive Director, and a member of the Party committee and chief accountant of CNPC. Mr. Zhou Song is a senior economist with a master's degree. From June 2010, Mr. Zhou Song served successively as the general manager of the planning and finance department, the business director and general manager of the assets and liabilities management department, the general manager of the general office of investment banking and financial market business and the general manager of the assets management department of the head office of China Merchants Bank Co., Ltd. ("**CMB**"), and vice chief accountant of China Merchants Group Ltd ("**CM Group**"). He served as the chairman of the supervisory committee of China Merchants Shekou Industrial Zone Holdings Co., Ltd. from September 2018. He served as a member of the Party committee and chief accountant of CM Group and a non-executive director of CMB from October 2018. He has served as a member of the Party committee and chief accountant of CNPC since December 2023, and served as a supervisor and the chairman of the supervisory committee of the Company from June 2024 to October 2025. He has been appointed as a non-executive Director since December 2025.

**Mr. Ren Lixin**, aged 58, is an executive Director and president of the Company, and a member of the Party committee, deputy general manager and safety director of CNPC. Mr. Ren Lixin is a professor-level senior engineer with a bachelor's degree. From September 2005, Mr. Ren Lixin successively served as a member of the Party committee, the deputy general manager, the general manager, deputy Party secretary and safety director of Dushanzi Petrochemical Branch Company, the general manager and deputy Party secretary of the Refinery and Chemical Branch of the Company. He has been appointed as a member of the Party committee and deputy general manager of CNPC since June 2021. He has been appointed as the senior vice president of the Company since

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## LETTER FROM THE BOARD

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August 2021 and an executive Director since October 2021. He has been appointed concurrently as safety director of CNPC and president of the Company since September 2025.

**Mr. Xie Jun**, aged 58, is a non-executive Director, a member of the Party committee and deputy general manager of CNPC, and the director-general of CNPC Consulting Centre. Mr. Xie Jun is a professor-level senior engineer with a bachelor's degree. From August 2013, he served successively as a member of the Party committee, the deputy general manager, the executive deputy general manager, the Party secretary and general manager of Southwest Oil and Gas Field Branch, the general manager of the development and planning department of CNPC and the Company. He has been appointed as a member of the Party committee and deputy general manager of CNPC since January 2022 and the director-general of CNPC Consulting Centre since March 2022. He has been appointed as a non-executive Director since June 2022.

**Mr. Zhang Daowei**, aged 53, is an executive Director and a senior vice president of the Company, and a member of the Party committee and deputy general manager of CNPC. Mr. Zhang Daowei is a professor-level senior engineer with a doctorate degree. Since December 2015, he has successively served as the deputy general manager and executive deputy general manager of the Qinghai Oilfield Branch, the Party secretary, general manager and executive director of Southwest Oilfield Branch, general manager and executive director of the Company's Exploration and Production Branch, and executive director of the Company's Oil, Gas and New Energy Branch. He was appointed as a vice president of the Company in June 2022, a member of the Party committee and deputy general manager of CNPC in May 2023 and a senior vice president of the Company in June 2023. He has been appointed as an executive Director since November 2023.

**Mr. Song Dayong**, aged 53, is an executive Director and senior vice president of the Company, and a member of the Party committee and deputy general manager of CNPC. Mr. Song Dayong is a professor-level senior engineer with an in-service master's degree. Mr. Song Dayong served consecutively as deputy general manager of Harbin Petrochemical Branch (“**HPB**”) from April 2018, concurrently serving as safety supervisor of HPB from November 2019, managing deputy general manager of HPB from August 2020, and executive director and secretary of the Party committee of HPB from June 2021. He served as the general manager and deputy secretary of the Party committee of Fushun Petrochemical Branch (“**FPB**”) from June 2022, and executive director and secretary of the Party committee of FPB from March 2023. He was appointed general manager (director) of the Production and Operation Management Department (Smart Operation Center) of the Company in March 2025, and member of the Party committee and deputy general manager of CNPC in October 2025. He has been appointed as the Company's senior vice president since October 2025 and an executive Director since December 2025.

**Mr. Ho Kevin King Lun**, aged 50, is an independent non-executive Director, a director of Macau Tai Fung Bank Company Limited, chairman of Macau Anzac Group Company Limited, director of Macau KNJ Investment, chairman of Macao Juvenile Venture International Group and independent non-executive director of Asia Pioneer Entertainment Holdings Limited. Mr. Ho Kevin King Lun received a doctorate degree and a deputy of the 13th and 14th National People's Congress. From March 2000, Mr. Ho Kevin King Lun served successively as senior executive at Hong Kong Cathay Pacific Airways Limited. He has been appointed as a director of Macau Tai Fung Bank Company Limited since March 2008, the chairman of Macau Anzac Group Company Limited since August 2008, a director of Macau KNJ Investment since May 2012, the chairman of Macao Juvenile Venture International Group since May 2017 and an independent non-executive director of Asia Pioneer Entertainment Holdings Limited since October 2017. He has been appointed as an independent non-executive Director since June 2023.

**Mr. Yan, Andrew Y**, aged 68, is an independent non-executive Director, managing partner of SAIF Partners, an independent director of Guoyuan Securities Company Limited, Qfin Holdings, Inc. and ATA Creativity Global, and an independent non-executive director of East Buy Holding Limited. He holds a master's degree, and served as an economist at the World Bank, a researcher at the Hudson Institute in US, a director at Sprint International Corporation, the managing director at AIG Asian Infrastructure Funds, and the president and executive managing director at Softbank Asia Infrastructure Fund. He served as an independent director at several companies successively, including China Oilfield Services Limited, BlueFocus Intelligent Communications Group Co., Ltd., China Resources Land Limited, TCL Technology Group Corporation, Sinopec Corp, China Southern Airlines Company Limited and a director at Huize Holding Limited. He has served as the managing partner at Softbank Asia Infrastructure Fund Management Company (currently named as SAIF Partners) since 2004, an independent director of ATA Creativity Global since November 2006, an independent director of Qfin Holdings, Inc. since July 2019 and an independent director of Guoyuan Securities Company Limited since December 2022. He has been appointed as an independent non-executive Director since November 2024 and an independent non-executive director of East Buy Holding Limited since January 2025.

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## LETTER FROM THE BOARD

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**Ms. Liu Xiaolei**, aged 52, is an independent non-executive Director, the deputy director of the faculty of Economics & Management Department and chair of the Finance Department and a professor of Finance and Accounting Department at Guanghua School of Management, Peking University as well as an independent non-executive director of Bank of China Limited and COFCO Capital Holdings Co., Ltd. Ms. Liu Xiaolei received a Ph.D. degree. She served as an associate professor at The Hong Kong University of Science and Technology, an independent director of Tianjin Youfa Steel Pipe Group Co., Ltd., Chasing Securities Co., Ltd., FIL Fund Management (China) Company Limited and First Capital Securities Co., Ltd., etc. successively. She has served as a professor at Guanghua School of Management, Peking University since December 2014, the chair of the Finance Department at Guanghua School of Management, Peking University since November 2015 and the deputy director of the faculty of Economics & Management Department, Peking University since May 2022. She has served as an independent non-executive director of Bank of China Limited since March 2024. She has been appointed as an independent non-executive Director since November 2024, and an independent director of COFCO Capital Holdings Co., Ltd. since May 2025. She has a long-standing background in the research and practice of risk governance in listed companies, risk management in financial institutions, and sustainable development.

**Mr. Zhang Yuxin**, aged 63, is an independent non-executive Director and independent director of Ningxia Yinxing Energy Co., Ltd. He is a professor-level senior engineer with a doctorate degree and has extensive work experience in the power and energy industry. He served as deputy director-general of the international cooperation bureau under the State Power Corporation and deputy director of the international cooperation department under the State Power Corporation; in January 2003, he served as director of the general manager's office of China Guodian Corporation (“**Guodian Group**”); in May 2003, he concurrently served as the director of the international cooperation department under the Guodian Group; in December 2003, he concurrently served as the director of the institutional reform office of Guodian Group; in November 2006, he served as assistant of the general manager of Guodian Group; in October 2008, he served as the chairman of Guodian Group's Central China branch; in November 2008, he concurrently served as the chairman of CHN Energy Changyuan Electric Power Co., Ltd.; in May 2011, he served as assistant of the general manager of Guodian Group and the chairman of CHN Energy Changyuan Electric Power Co., Ltd.; in May 2016, he served as assistant of the general manager and the secretary to the Board of Guodian Group; in May 2018, he served as assistant of the general manager and the secretary to the Board of China Energy Investment Corporation Limited (“**China Energy**”); in July 2018, he concurrently served as spokesperson for China Energy. He has been appointed as an independent non-executive Director since June 2025 and an independent director of Ningxia Yinxing Energy Co., Ltd. since November 2025.

**Mr. Ng Kar Ling Johnny**, aged 65, is currently an independent non-executive director of Metallurgical Corporation of China Ltd., an independent director of China Telecom Corporation Limited, and concurrently the deputy chairman of the third session of the independent directors professional committee of the China Association for Public Companies. Mr. Ng Kar Ling Johnny obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong and is a practising Certified Public Accountant in Hong Kong, a practising auditor and accountant in Macau, a Fellow of the Hong Kong Institute of Certified Public Accountants (FCPA), a Fellow of the Association of Chartered Certified Accountant (FCCA) in England and Wales. Mr. Ng Kar Ling Johnny has extensive experience in financial auditing and risk management. Mr. Ng Kar Ling Johnny joined KPMG (Hong Kong) in 1984 and became a partner in 1996. He acted as a managing partner from June 2000 to September 2015 and a vice chairman of KPMG China from October 2015 to March 2016. Mr. Ng Kar Ling Johnny served as an independent non-executive director of China Petroleum and Chemical Corporation from May 2018 to June 2024, and has been appointed as an independent non-executive director of Metallurgical Corporation of China Ltd. since April 2020 and an independent non-executive director of China Telecom Corporation Limited since January 2023.

Save as disclosed above, as of the Latest Practicable Date, none of the Director Candidates (i) has held any directorship in any other listed companies in the past three years and had no other major appointments or professional qualifications; (ii) has any relationship with any other Director, senior management of the Company, substantial Shareholder (as defined in HKEx Listing Rules) or controlling Shareholder (as defined in the HKEX Listing Rules) of the Company; and (iii) has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, there is no information on any of the Director Candidates that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Stock Exchange Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

## LETTER FROM THE BOARD

For the proposed election and appointment of Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y, Ms. Liu Xiaolei, Mr. Zhang Yuxin and Mr. Ng Kar Ling Johnny as independent non-executive Directors (the “**INED Candidates**”), the Board and the nomination committee under the Board (the “**Nomination Committee**”) have complied with the board diversity policy of the Company, the nomination policy of the Board and considered the development strategy of the Company, taking into consideration of skills and experience required for the overall operation of the Board and cultural and education background, gender, age of these candidates and other factors. The Board and the Nomination Committee are of the view that, these INED Candidates have the basic knowledge of the operation of companies listed in Hong Kong with extensive economic, financial, management, investment or other work experience necessary to perform the duties of independent non-executive Directors and have the ability to provide independent, fair and objective opinions on corporate affairs. Therefore, their election as independent non-executive Directors is in the best interests of the Company and Shareholders as a whole.

The Nomination Committee has made a preliminary examination on qualifications and conditions of all candidates mentioned above and has provided suggestions to the Board. Pursuant to the law, regulations and the Articles of Association, after the approval of the Board, these candidates have been nominated as INED Candidates. Their appointments are subject to the consideration of and approval by the AGM and their terms of office will come to effect on the date when the approval by the AGM is obtained.

Each of the INED Candidates has confirmed their independence in accordance with factors set out in Rule 3.13 of the Hong Kong Stock Exchange Listing Rules. The Board and the Nomination Committee consider that each of the INED Candidates meets the independence guidelines set out in Rule 3.13 of the Hong Kong Stock Exchange Listing Rules and is independent in accordance with the terms of the guidelines.

### 7. GUARANTEE SCHEME FOR THE YEAR 2026

The Group intends to provide guarantees to the following guaranteed parties in 2026, with an aggregate amount of approximately RMB172.5 billion, including (i) approximately RMB58.3 billion of performance guarantees; and (ii) approximately RMB114.2 billion of financing guarantees (the “**Guarantee Scheme for the Year 2026**”). The table below sets out the details of the above guarantees:

Unit: RMB10,000				
Type	No.	The Guarantor	The Guaranteed parties	Guarantee amount
<b>Performance guarantee</b>	1	The Company	PetroChina Investment (Hong Kong) Limited	300,000.00
	2	The Company	PetroChina Canada Ltd / PetroChina Kitimat LNG Partnership	2,497,815.00
	3	The Company	PetroChina International Investment (Australia) Pty. Ltd.	360,000.00
	4	PetroChina International Co., Ltd.	PetroChina International Co., Ltd. and its subsidiaries	2,202,718.00
	5	CNPC Exploration and Development Company Limited / CNPC E&D Holdings Cooperatief U.A. / CNODC International Holding Ltd.	CNPC PERU S.A.	86,400.00

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**LETTER FROM THE BOARD**

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<b>Type</b>	<b>No.</b>	<b>The Guarantor</b>	<b>The Guaranteed parties</b>	<b>Guarantee amount</b>
	6	CNODC International Holding Ltd.	Mazoon Petrogas (BVI) Limited	72,000.00
	7	Kunlun Energy Company Limited	Mazoon Petrogas (BVI) Limited	72,000.00
	8	The Company / CNPC Exploration and Development Company Limited / CNODC International Holding Ltd.	Newly established company A <sup>1</sup>	144,000.00
	9	A new entity B to be established under PetroChina Investment(Hong Kong) Limited	Newly established company C	86,832.00
	10	A new entity D to be established under PetroChina International Investment Company Limited	Newly established company E	4,320.00
		<b>Subtotal</b>		<b>5,826,085.00</b>
<b>Finance guarantee</b>	1	The Company	PetroChina Investment (Hong Kong) Limited	200,000.00
	2	The Company	Great-Renewal Investment Limited	7,382,160.00
	3	The Company/ CNPC Exploration and Development Company Limited/ PetroChina International Pipeline Co., Ltd.	Trans-Asia Pipeline (Hong Kong) Company Limited	469,080.00
	4	The Company/ CNPC Exploration and Development Company Limited/ PetroChina International Pipeline Co., Ltd.	Trans-Tajik Gas Pipeline Company Limited	1,980,000.00

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<sup>1</sup> The names of newly established companies shall be subject to their actual registered names. The Company will, in accordance with the regulations, strictly implement the guarantee approval procedures and risk prevention and control measures within the scope of the Guarantee Scheme for the Year 2026.

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**LETTER FROM THE BOARD**

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Type	No.	The Guarantor	The Guaranteed parties	Guarantee amount
	5	The Company/ CNPC Exploration and Development Company Limited/ PetroChina International Pipeline Co., Ltd.	Trans-Kyrgyz Gas Pipeline Company Limited	612,000.00
	6	The Company/ CNPC Exploration and Development Company Limited/ PetroChina International Pipeline Co., Ltd.	Joint Venture «Eastern Gas Pipeline» Limited Liability Company	534,600.00
	7	Kunlun Energy Company Limited	China Natural Gas Corporation Limited	23,364.00
	8	The Company	Newly established company F	217,104.00
		<b>Subtotal</b>		<b>11,418,308.00</b>
		<b>Total</b>		<b>17,244,393.00</b>

For the year 2026, the Group plans to apply for an external guarantee of approximately RMB172.5 billion. Specific guarantee arrangements under the Guarantee Scheme for the Year 2026 will be subject to strict implementation of guarantee approval procedures and risk prevention and control measures. During the formulation of the guarantee arrangements, the Group shall not provide guarantees for enterprises with no equity relationship, nor shall it provide financing guarantees exceeding the equity proportion for associated enterprises. The upper limit of guarantees will be strictly controlled based on the shareholding proportion in the guaranteed parties, and corresponding counter-guarantee arrangements will be implemented. A guarantor can adjust the guarantee amount within the total amount of guarantees in the same category to any of the entities to be guaranteed within the period of the guarantee scheme. During the implementation of the guarantee scheme, the necessity of each guarantee will be thoroughly assessed, management measures will be strengthened, principal responsibilities will be firmly enforced, and guarantee-related risks will be prevented and controlled.

The validity period of the above guarantee scheme commences from the passing of the resolution at the AGM until the conclusion of the annual general meeting of the Company for the year 2026. For basic information of the guaranteed parties, please refer to appendix I of this circular.

According to Shanghai Stock Exchange Listing Rules, when providing guarantees to its holding subsidiaries, if a large number of guarantee agreements occur every year and it is difficult to submit each agreement to the Board or the general meeting of the Company, the Company may estimate the total amount of new guarantees for the two types of subsidiaries with a debt-to-asset ratio of more than 70% and a debt-to-asset ratio of less than 70% respectively in the next 12 months, and submit it to the general meeting of the Company for consideration. According to the Shanghai Stock Exchange Listing Rules and the Articles of Association, if the Company and its subsidiaries intend to provide guarantees to the entities to be guaranteed with a debt-to-asset ratio exceeding 70%, such a guarantee plan is subject to approval by the Shareholders in a general meeting. The debt-to-asset ratios of some entities to be guaranteed under the Guarantee Scheme for the Year 2026 exceed 70%. Therefore, it is subject to approval by the Shareholders in a general meeting.

As at the Latest Practicable Date, the above companies included connected subsidiaries of the Company under Chapter 14A of the Hong Kong Stock Exchange Listing Rules, thus these companies constitute connected persons of the Company under Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Therefore, the provision of

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## LETTER FROM THE BOARD

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guarantee from the Group to them constitutes connected transactions of the Company under Chapter 14A of the Hong Kong Stock Exchange Listing Rules (the “**Connected Guarantee Transactions**”).

We refer to the circular of the Company dated 20 September 2023 in relation to the comprehensive products and services agreement entered into between CNPC and the Company. The transactions under the comprehensive products and services agreement and the annual caps therefore have been approved by the Shareholders on 9 November 2023 at the 2023 first extraordinary general meeting of the Company. The Connected Guarantee Transactions will be conducted within the scope of the above agreement. As such, the Connected Guarantee Transactions are not subject to separate announcement and shareholders’ approval requirements under Chapter 14A of the Hong Kong Stock Exchange Listing Rules. Pursuant to the Hong Kong Stock Exchange Listing Rules, the guarantees provided by the Group to the guaranteed parties under the Guarantee Scheme for the Year 2026 will not constitute notifiable transactions under Chapter 14 of the Hong Kong Stock Exchange Listing Rules. Therefore, the Company proposed the resolution for Shareholder’s approval pursuant to the requirements of the Shanghai Stock Exchange Listing Rules and the Articles of Association.

This resolution was approved by the Board on 27 March 2026. In accordance to the Shanghai Stock Exchange Listing Rules and the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the Guarantee Scheme for the Year 2026. Upon the review and approval of the Guarantee Scheme for the Year 2026 at the AGM, specific guarantee arrangements will be approved in accordance with the Company's decision-making procedures, and the Company's chief financial officer will be authorized to sign the relevant guarantee documents.

### 8. GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS

In order to satisfy the operational and production needs, further optimize the debt structure, and reduce financing costs of the Company, the Company plans to issue one or certain categories of debt financing instruments through one or more batches.

The Board proposes to the Shareholders to generally and unconditionally authorize the Board at the AGM to determine and deal with the issuance of debt financing instruments denominated in Renminbi or other foreign currency, including but not limited to corporate bonds, short-term financing bonds, super and short-term financing bonds, medium-term notes, enterprise bonds, asset securitization products and asset-backed securities, with the outstanding balance of not more than RMB50 billion (or if issued in foreign currency, equivalent to the middle exchange rate announced by the People’s Bank of China on the date of issue) (the “**General Mandate to Issue Debt Financing Instruments**”). The maturity period of the above debt financing instruments shall be no more than 30 years, either under a single category with fixed term or a portfolio with different maturities. The specific terms and amount of the debt financing instruments with different maturities will be determined by the Board, depending on the relevant requirements and market conditions. The debt financing instruments can be issued to the Shareholders by placing and the specific arrangement (including whether or not to make placing, the proportion of the placing and etc.) shall be determined by the Board based on the market conditions and terms of the issue. The proceeds of any issuance of the debt instruments under the General Mandate to Issue Debt Financing Instruments are expected to be applied to satisfy the operational and production needs, adjust debt structure, increase liquidity of the Company, repay debts of the Company and/or finance the capital expenditure on project investments, and the specific use of proceeds shall be determined by the Board based on the fund needs of the Company.

The validity period of the General Mandate to Issue Debt Financing Instruments commences from the passing of the special resolution at the AGM until the conclusion of the annual general meeting of the Company for the year 2026. If the Board and/or its authorized representative has determined to issue debt financing instruments within the period of the General Mandate to Issue Debt Financing Instruments and the Company has obtained approvals, permission or registration from relevant regulatory authorities within the same period, the Company then is allowed to complete the issuance within the validity period confirmed by such approvals, permission or registration.

### 9. THE AGM

The Company will convene the AGM at 9 a.m. on Tuesday, 9 June 2026 at V-Continent Wuzhou Hotel, No. 8 North 4th Circle Middle Road, Chaoyang District, Beijing, the PRC to review, consider and, if thought fit, to approve the resolutions to be proposed at the AGM. The proxy form and the reply slip for use at the AGM is enclosed with this circular. The AGM Notice is set out on pages 89 to 93 of this circular.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the AGM, please complete the proxy forms and return the same in accordance with the instructions printed thereon. To be valid, for A Shareholders, the proxy form, together with the notarized power of attorney or other document of authorization (if any), must be delivered to the Board of Directors Office at Room 0612, Block C, PetroChina Building, No.9 Dongzhimen North Street, Dongcheng District, Beijing, PRC (Postal code: 100007) not less than 24 hours before the time appointed for the AGM (i.e., by no later than 9 a.m. on Monday, 8 June 2026). To be valid, for H Shareholders, the above documents must be delivered to Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong within the same period.

H Shareholders whose names appear on the register of members of the Company on Monday, 8 June 2026 are entitled to attend the AGM. The register of members of H Shares of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026 (both days inclusive), during which period no share transfer of H Shares will be registered. In order to qualify for attending and voting at the AGM, H Shareholders must lodge all transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration at or before 4:30 p.m. on Wednesday, 3 June 2026.

The Articles of Association provide that Shareholders who intend to attend the AGM shall lodge a written reply 20 days before the date of the AGM (the “**Reply Date**”). In case the written replies received by the Company from the Shareholders indicating their intention to attend the AGM represent no more than one half of the total number of voting Shares and/or H Shares, the Company shall within five days from the Reply Date inform the Shareholders of the proposed matters for consideration at the AGM and the date and venue of the AGM by way of announcement again. The AGM may be convened after the publication of such announcement.

You are urged to complete and return the proxy forms and reply slips whether or not you intend to attend the AGM. Completion and return of the proxy forms will not preclude you from attending and voting at the AGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

### 10. RECOMMENDATIONS

The Directors believe that all proposed resolutions, including the Renewal of Continuing Connected Transactions with CNPC and New Financial Services Agreement with CNPC Finance in Respect of 2027 to 2029, the Proposed Re-Election and Appointment of Directors and Proposed Election and Appointment of Independent Non-Executive Director, the Guarantee Scheme for the Year 2026 and the General Mandate to Issue Debt Financing Instruments, are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolutions set out in the AGM Notice.

### 11. VOTES TO BE TAKEN BY POLL

In accordance with the Hong Kong Stock Exchange Listing Rules, any votes of Shareholders at the AGM will be taken by poll.

### 12. MISCELLANEOUS

Your attention is drawn to the general information set out in the Appendices to this circular. In case of any discrepancy between the Chinese and English versions of this circular and the AGM Notice, the Chinese version prevails.

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



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

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 857)**

23 April 2026

*Dear Shareholders*

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CNPC  
AND NEW FINANCIAL SERVICES AGREEMENT WITH CNPC FINANCE  
IN RESPECT OF 2027 TO 2029**

We refer to the circular (the "**Circular**") dated 23 April 2026 of the Company of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein.

As CNPC is the controlling shareholder of the Company, transactions between the Group and CNPC/Jointly-held Entities constitute connected transactions of the Company under the HKEx Listing Rules. The New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC are subject to approval from the Independent Shareholders.

In view of the interest of the Independent Shareholders, we have been appointed by the Board to constitute the Independent Board Committee to consider and advise the Independent Shareholders as to the fairness and reasonableness in relation to the New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC, details of which are set out in the letter from the Board in the Circular. Somerley has been appointed as the independent financial advisor to advise the Independent Board Committee. We wish to draw your attention to the letter from Somerley as set out in the Circular. Meanwhile, pursuant to the HKEx Listing Rules, transactions under the categories of 1.2.1(1)(a), 1.2.1(2)(e)(i) and 5.2.1(1) in the Circular are exempted from independent shareholders' approval, however in light of historical disclosure and approval practices regarding continuing connected transactions, the requirements for stricter corporate governance, and the need to be more accountable to shareholders, we request that Somerley provide its views on the aforementioned transactions to us for the purpose of enabling shareholders to make a prudent judgement.

Having taken into account the information set out in the letter from the Board in the Circular, and the principal factors, reasons and recommendations set out in the letter from Somerley, we consider the terms of the New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC to be fair and reasonable insofar as the Independent Shareholders are concerned and believe that the New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC are in the interests of the Company and the Shareholders as a whole. At the same time, we are of the view that such transactions are in the ordinary and usual course of business

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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of the Group and have been entered into on normal commercial terms or terms no less favorable to the Group than those with independent third parties. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolutions to be proposed at the AGM to approve the New Comprehensive Agreement and the proposed annual caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC.

Yours faithfully

**Jiang, Simon X.**

*Independent  
non-executive  
director*

**Ho Kevin King  
Lun**

*Independent  
non-executive  
director*

**Yan, Andrew Y.**

*Independent  
non-executive  
director*

**Liu Xiaolei**

*Independent  
non-executive  
director*

**Zhang Yuxin**

*Independent  
non-executive  
director*

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## LETTER FROM SOMERLEY

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*The following is the text of a letter from Somerley Capital Limited for the purpose of incorporation in this circular in connection with its advice to the Independent Board Committee and the Independent Shareholders in connection with the terms and the Proposed Annual Caps in respect of the Non-Exempt Continuing Connected Transactions with CNPC and the New Financial Services Agreement.*



### SOMERLEY CAPITAL LIMITED

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

23 April 2026

To: *The Independent Board Committee and the Independent Shareholders*

Dear Sirs or Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTIONS WITH CNPC AND NEW FINANCIAL SERVICES AGREEMENT WITH CNPC FINANCE IN RESPECT OF 2027 TO 2029

#### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Non-Exempt Continuing Connected Transactions with CNPC for the three years ending 31 December 2027, 2028 and 2029 and the relevant proposed annual caps. Details of the Non-Exempt Continuing Connected Transactions with CNPC are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to its shareholders dated 23 April 2026, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 March 2026, the Company and CNPC entered into (i) the New Comprehensive Agreement, including but not limited to (a) products and services to be provided by the Group to CNPC/Jointly-held Entities; (b) engineering technology services to be provided by CNPC/Jointly-held Entities to the Group; (c) production services to be provided by CNPC/Jointly-held Entities to the Group; and (d) deposit services to be provided by CNPC (excluding CNPC Finance)/Jointly-held Entities to the Group and (ii) the New Financial Services Agreement in respect of the Continuing Connected Transactions for a term of three years from 1 January 2027 to 31 December 2029. Among which, items (i) (b) engineering technology services to be provided by CNPC/Jointly-held Entities to the Group, and (c) production services to be provided by CNPC/Jointly-held Entities to the Group constitute non-exempt continuing connected transactions between the Company and CNPC.

As disclosed in the letter from the Board of the Circular, CNPC is a controlling shareholder of the Company, a connected person of the Company under the HKEx Listing Rules. Jointly-held Entities (excluding CNPC Finance) are companies in which the Company and CNPC jointly hold shares while CNPC and/or its subsidiaries (individually or together) is/are entitled to exercise, or control the exercise of, 10% or more of the voting power of these companies at any general meeting of such companies, and therefore, Jointly-held Entities are connected persons of the Company. CNPC Finance is a subsidiary of the Company's controlling shareholder, CNPC. As such, CNPC Finance is a connected person of the Company under the HKEx Listing Rules.

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## LETTER FROM SOMERLEY

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Transactions between the Company and CNPC/Jointly-held Entities and CNPC Finance constitute connected transactions of the Company under the HKEx Listing Rules, which are subject to the reporting, announcement and independent shareholders' approval requirements (if applicable) under the HKEx Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Jiang, Simon X., Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y, Ms. Liu Xiaolei and Mr. Zhang Yuxin, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Non-Exempt Continuing Connected Transactions with CNPC are on normal commercial terms, in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Pursuant to the HKEx Listing Rules, transactions under the categories of (i)(a) products and services to be provided by the Group to CNPC/Jointly-held Entities, (d) deposit services to be provided by CNPC (excluding CNPC Finance)/Jointly-held Entities to the Group, and (ii) the New Financial Services Agreement (the “**Additional Continuing Connected Transactions**”) as abovementioned are exempted from independent shareholders’ approval, however in light of historical disclosure and approval practices regarding continuing connected transactions, the requirements for stricter corporate governance, and the need to be more accountable to shareholders, the Independent Board Committee request that Somerley provide its views on the aforementioned transactions for the purpose of enabling shareholders to make a prudent judgement.

We are not associated or connected with the Company, CNPC and CNPC Finance or their respective core connected persons or associates and, accordingly, are considered eligible to give independent advice on the Continuing Connected Transactions. In the two years prior to this appointment, there has been no engagement between the Group and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, CNPC, and CNPC Finance or their respective close associates or core connected persons.

In formulating our advice and recommendation, we have reviewed information of the Company, including but not limited to, the annual reports of the Company for the year ended 31 December 2024 (“**FY2024**”) (“**2024 Annual Report**”) and the annual results announcement for the year ended 31 December 2025 (“**FY2025**”) (the “**2025 Annual Results Announcement**”), and other information contained in the Circular.

In addition, we have relied on the information and facts supplied, and the opinions expressed by the Directors and management of the Company (collectively, the “**Management**”), which we have assumed to be true, accurate and complete in all material respects at the time they were made and will remain true, accurate and complete in all material aspects up to the date of the AGM. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Company, CNPC, and CNPC Finance, nor have we carried out any independent verification of the information supplied.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have considered the following principal factors and reasons:

#### **1. Information on the parties**

##### **1.1 The Company**

The Company is a joint stock limited company incorporated on 5 November 1999 under the PRC Company Law as a result of the restructuring of CNPC. The H Shares and A Shares of the Company

## LETTER FROM SOMERLEY

are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. The Company and its subsidiaries principally engage in the exploration, development, transmission, production and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas.

Set out below is the summary of the financial information of the Group prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2024 and 2025 as extracted from the 2024 Annual Report and the 2025 Annual Results Announcement:

	<b>For the year ended 31 December</b>	
	<b>2024</b>	<b>2025</b>
	<i>RMB'million</i>	<i>RMB'million</i>
Operating income	2,937,981	2,864,469
- <i>Oil, gas and new energy</i>	154,862	135,029
- <i>Refining, chemicals and new materials</i>	344,220	326,429
- <i>Marketing</i>	1,878,462	1,822,223
- <i>Natural gas sales</i>	557,107	578,857
- <i>Head office and others</i>	3,330	1,931
Operating profit	233,954	219,241
Net profit attributable to Shareholders	164,684	157,318

In FY2025, the operating income was approximately RMB2,864.5 billion, compared with approximately RMB2,938.0 billion in FY2024, representing a decrease of approximately 2.5%. This was primarily due to the combined impact of the decrease in prices of oil and gas products such as crude oil and refined oil products, and changes in sales volume. In FY2025, the profit attributable to owners of the Company was approximately RMB157.3 billion, compared with approximately RMB164.7 billion in FY2024, representing a decrease of approximately 4.5%.

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2025</b>
	<i>RMB'million</i>	<i>RMB'million</i>
Total assets	2,752,751	2,827,777
Total liabilities	1,043,128	1,028,453
Equity attributable to equity holders of the Company	1,515,132	1,585,837

As at 31 December 2025, total assets of the Group amounted to approximately RMB2,827.8 billion, mainly comprised of (i) property, plant and equipment of approximately RMB1,610.5 billion; (ii) investments in associates and joint ventures of approximately RMB303.5 billion; and (iii) cash and cash equivalents of approximately RMB206.2 billion.

As at 31 December 2025, total liabilities of the Group amounted to approximately RMB1,028.5 billion, mainly comprised of (i) accounts payable and accrued liabilities of approximately RMB320.0 billion; (ii) borrowings of approximately RMB227.6 billion; and (iii) asset retirement obligations of approximately RMB173.5 billion.

As at 31 December 2024 and 2025, equity attributable to equity holders of the Company amounted to approximately RMB1,515.1 billion and RMB1,585.8 billion, respectively, representing an increase of approximately 4.7%, mainly as a result of the increase in retained earnings.

### **1.2 Background information of CNPC**

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## LETTER FROM SOMERLEY

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As at the Latest Practicable Date, CNPC holds approximately 82.49% equity interests in the Company (including the 399,472,000 H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing approximately 0.22% of the total issued Shares of the Company), thus CNPC is the controlling shareholder and a connected person of the Company. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company (中國石油天然氣總公司), in July 1998. CNPC is also a state-authorized investment corporation and state-owned enterprise. CNPC is an integrated energy corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance.

### *1.3 Background information of CNPC Finance*

As at the Latest Practicable Date, CNPC Finance is owned as to 40% by CNPC, 32% by the Company and 28% indirectly by CNPC Capital Company Limited (中國石油集團資本股份有限公司) and is a connected person of the Company. The principal businesses of CNPC Finance include accepting deposits from members, providing loans to members, conducting bill acceptance and discounting for members, handling funds settlement and payment services for members, providing entrusted loans, bond underwriting, non-financing guarantees, financial advisory services, credit certification services and consultancy and agency services to members, engaging in interbank lending; providing buyer's credit and consumer credit in respect of products of members, engaging in investments in fixed income securities, conducting hedging-related derivatives transactions, operating other RMB and foreign currency businesses as approved by the regulatory authorities.

### *Regulatory environment of CNPC Finance*

CNPC Finance is a non-bank finance company established under the direction of the People's Bank of China (PBOC) with the main business scope of providing various financial services, including deposit and loan facilities, credit facilities, principally to the CNPC and is subject to compliance with relevant rules and regulations as promulgated by the National Financial Regulatory Administration (NFRA), including compliance with the Administrative Measures for Enterprise Group Finance Companies (the "Administrative Measures"), which is to regulate the operation of group finance companies and reduce the possible financial risk, and other regulations promulgated by the PBOC and the NFRA.

We have discussed with the Management and understand that the Administrative Measures imposes certain requirements on finance companies such as CNPC Finance, including but not limited to, maintaining certain capital adequacy, cash balance and liquidity ratios. We also requested and obtained the risk assessment report of CNPC Finance, which illustrated the specific major regulatory ratio requirements. Set out below are the major regulatory ratio requirements confirmed by the Company to be applicable the relevant ratios of CNPC Finance as at 31 December 2025:

<b>Major regulatory ratios</b>	<b>Requirements</b>	<b>As at 31 December 2025</b>
Capital adequacy ratio	Not lower than 10.5%	19.7%
Liquidity ratio	Not lower than 25%	62.1%
Investment ratio	Not higher than 70%	66.6%
Loan-deposit ratio	Not higher than 80%	31.5%
Self-owned Fixed asset ratio	Not higher than 20%	0.2%

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## LETTER FROM SOMERLEY

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As shown in the table above, we note that all the applicable ratios of CNPC Finance are in compliance with the regulatory requirements as promulgated by the NFRA. As confirmed by CNPC Finance, in the past three years, the NFRA has not taken any disciplinary actions or imposed penalties or fines on CNPC Finance since its incorporation.

Meanwhile, as advised by the Management, since 2011, CNPC Finance (HK) Limited, a wholly-owned subsidiary of CNPC Finance, has maintained a credit rating next only to PRC's sovereign rating assigned by an international rating agency. This is currently the highest credit rating obtained by domestic financial institutions. In addition, the Company and CNPC Finance agreed on a series of strict risk assessment and control measures in the New Financial Services Agreement to ensure the safety of the Group's deposits in CNPC Finance. Meanwhile, CNPC Finance shall provide various information, including various financial indicators (as well as annual and interim financial reports), semi-annually so that the Group can monitor the risk and financial conditions of CNPC Finance continuously. The Company believes that the risk profile of CNPC Finance is not greater than those of commercial banks in the PRC.

As set out in the New Financial Services Agreement, the risk assessment and control measures agreed between the Company and CNPC Finance include, among others, (i) safety inspections by the Company on CNPC Finance's fund management information system; (ii) real-time monitoring by the Company of CNPC Finance's risk indicators; and (iii) an early warning mechanism for risks associated with CNPC Finance. We have also reviewed the internal control document, namely "Risk Management Plan of PetroChina Company Limited for Conducting Financial Business with China Petroleum Finance Company Limited", published by the Company in August 2023. We noted that the Company's finance department will designate a working group to monitor risks associated with CNPC Finance and CNPC Finance shall be responsible for the identification, assessment, monitoring and control of daily operational risks. Moreover, as the shareholder owning 32% shareholding in CNPC Finance, the Company has nominated three directors to participate in major operational decisions of CNPC Finance, supervise and control its operational risks.

Given that (i) CNPC Finance has maintained a credit rating that is currently the highest credit rating obtained by domestic financial institutions; (ii) the above risk assessment and control measures in place; (iii) the Company's influence and control over CNPC Finance's operation; and (iv) the undertaking from CNPC to be the payer of last resort for CNPC Finance, we are of the view that appropriate risk assessment and control measures are in place for the Company to closely monitor the risk profile of CNPC Finance.

## **2. Reasons for and benefits of the Continuing Connected Transactions**

### ***2.1 Continuing Connected Transactions with CNPC under the New Comprehensive Agreement***

As disclosed in the letter from the Board of the Circular, CNPC is an integrated energy corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance. The Company is a joint-stock company established during the reorganization of CNPC on 5 November 1999. CNPC injected the assets, liabilities and rights related to its core business into the Company, such as oil and gas exploration and development, oil refinement, petrochemical, sales and marketing, natural gas sales and marketing and related scientific research, etc. CNPC is the sole promoter of the Company. The Company completed its offshore listing in April 2000 and CNPC continues to be the controlling shareholder of the Company. CNPC retained businesses related to the production and operation of petroleum and natural gas, such as engineering technology services, production services, material supply services, social and living support services and financial services, etc. These businesses can provide a series of necessary services in relation to the production and operation of the Company and its subsidiaries and the livelihood of their employees. CNPC is one of the most experienced and competent companies in the global petroleum industry and equipped with strong advantages of talented employees, advanced technology, experience and cost and geographical vicinity. CNPC and the Company have been in a good and long-term cooperation relationship with each other and accumulated rich experience in cooperation. CNPC is one of the few companies providing quality petroleum and petrochemical related engineering technology services and has competitive advantages in safety, reliability, professional techniques

## LETTER FROM SOMERLEY

and equipment, which can satisfy the high technological, quality, safety and environmental standards of the Group, and provide services and business support for certain remote areas where the Group operates. Therefore, the Company believes that the Continuing Connected Transactions with CNPC will be beneficial to the continued operation and development of the Group, which mainly includes:

- i. The engineering technology, production and financial services provided to the Group by CNPC have competitive advantages over other service providers in the same industry in the PRC. CNPC has significant experience, technology and cost advantages when compared with other service providers;
- ii. The petroleum industry has its unique requirements for technology and quality, and the oil and gas engineering and technological services provided by CNPC are of higher standards within the industry, which can satisfy the technological and quality standards of the projects invested in and operated by the Group. At the same time, high quality services can also reduce safety and environmental protection risks of the Group significantly;
- iii. The financial institutions under CNPC have been providing financial services to the Group for many years and have established a comprehensive cooperation mechanism with the Group, which can provide more efficient internal settlement services and more favorable interest rates, reduce the Group's costs and facilitate the Group's more efficient and convenient business operations; and
- iv. The Group's main oil fields and refining and chemical production facilities are scattered across different regions, some of which are in remote areas with harsh operating conditions. CNPC and its subsidiaries can provide service and business support to the Group locally, which, to a large extent is beneficial to the Group's continued development in such regions.

A summary of the Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions under the New Comprehensive Agreement are set out as follows:

	<b>Continuing Connected Transactions</b>	<b>Description</b>
(1)	Products and services to be provided by the Group to CNPC/Jointly-held Entities	Products and services including those relating to crude oil, natural gas, refined oil products, chemical products, supply of water, supply of electricity, supply of gas, supply of heating, quantifying and measuring, entrusted operation and management, material supply and other relevant or similar products and services as may be requested by CNPC/Jointly-held Entities for its own consumption, use or sale from time to time
(2)	Engineering technology services to be provided by CNPC to the Group	Engineering technology services, including but not limited to exploration technology service, downhole operation service, oilfield construction service, refinery construction service, engineering design service and public engineering services
(3)	Production services to be provided by CNPC to the Group	Production services, mainly associated with products and services to be provided, arising from the day-to-day operations of the Group, including but not limited to crude oil, natural gas, refined oil products, chemical products, water supply, electricity supply, gas supply, heat supply, communication and information technology services
(4)	Financial services to be provided by CNPC (excluding CNPC Finance) to the Group: Deposit services	Deposit services

As such, in light of the fact that:

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## LETTER FROM SOMERLEY

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- i. the Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions under the New Comprehensive Agreement are within the business scopes of both CNPC and the Company and therefore, are considered to be part of normal and usual course of business for each. In addition, the provision of such products and services is considered to have a positive effect on the growth of the Company's businesses, and the signing of the New Comprehensive Agreement does not obligate the Group to supply and/or purchase any products and/or services to and/or from CNPC;
- ii. as discussed above, the Comprehensive Agreement was first entered into with CNPC upon the Company's listing in 2000. Therefore, the two parties have had a long-term cooperation relationship, and both are familiar with each other's businesses; and
- iii. prior to entering any Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions with CNPC and its members, the Company will strictly comply with government pricing provisions, public tender procedure, price enquiry mechanisms, etc. In addition, any Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions conducted under the New Comprehensive Agreement will only proceed subject to compliance with the procedures and criteria established by the Company.

As such, we concur with the Management and consider that the entering into of the Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions under the New Comprehensive Agreement is in the ordinary and usual course of business and in the interests of the Group.

### *2.2 Deposit Services under the New Financial Services Agreement*

As disclosed in the letter from the Board of the Circular, CNPC Finance was incorporated with the approval from the People's Bank of China and holds business license and financial permit and is a financial enterprise controlled by CNPC, the controlling shareholder of the Company, which has strong comprehensive strength to provide efficient financial services to the Group's domestic and overseas operations.

Furthermore, based on our review, we note that CNPC Finance has been providing services to the Company, including deposit services, for over two decades. We have been confirmed and it is our understanding that both CNPC Finance and the Group have since maintained a cooperative and efficient business relationship. As such, the continuation of such a relationship is also beneficial for the Company, as CNPC Finance is familiar with the Company's core business, including oil and gas, refining and marketing, and chemical businesses. Details of CNPC Finance are set out below:

- i. CNPC Finance is the internal settlement, fund raising and financing and capital management platform of CNPC and has been providing deposit, loan, settlement and other financial services to the Group for many years; CNPC Finance has convenient and efficient internal settlement platforms and foreign currency derivative business channels and has established a comprehensive and matured cooperation mechanism with the Group; CNPC Finance will not charge the Group for providing settlement services and other prices provided by CNPC Finance should be no less favorable than the terms and conditions in the market, thus the transactions with CNPC Finance could lower the costs of the Group;
- ii. CNPC Finance is under the supervision of the National Administration of Financial Regulation as a major domestic non-bank financial institution, operates under strict observance with the risk controlling indicators and risk monitoring indicators required by national laws and regulations and has met the regulatory requirements as determined by regulatory indicators over the years. According to the <Industry Statistics of Enterprise Group Finance Companies for 2025> (《企業集團財務公司 2025 年度行業統計數據》) published by China National Association of Finance Companies, the total asset and equity amount of CNPC Finance ranked the first for 2025 among its domestic counterparts. As at 31 December 2025, the total assets of CNPC Finance was approximately RMB709.09 billion. For the year ended 31 December 2025, CNPC Finance achieved revenue of approximately RMB13.70 billion, and net profit of approximately RMB5.61 billion, which is in a leading position among its domestic counterparts;
- iii. The balance of loans provided by CNPC Finance to the Group generally exceeded the balance of deposits the Group made with CNPC Finance. As at 31 December 2024 and 30 June 2025, the balance of the Group's deposits with CNPC Finance was RMB62,843 million and RMB63,776 million, representing

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## LETTER FROM SOMERLEY

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28.78% and 26.71% of the total deposits of the Group respectively; as at 31 December 2024 and 31 December 2025, the balance of loans provided by CNPC Finance to the Group was RMB65,594 million and RMB77,774 million respectively. In addition, in order to regulate the connected transactions between the Group and CNPC Finance, the Company and CNPC Finance adopted the Risk Management Plan of PetroChina Company Limited for Conducting Financial Business with China Petroleum Finance Company Limited, which covers the relevant risk control system and the risk management plan to prevent financial risks and to ensure that the deposits of the Group in CNPC Finance can be utilized at the Group's discretion;

- iv. In order to ensure the normal operation and management of CNPC Finance, CNPC has made relevant undertakings, among other things: (a) CNPC has undertaken not to abuse its rights as a shareholder of CNPC Finance, interfere in the daily business of CNPC Finance or harm the legitimate rights and interest of CNPC Finance and its other shareholders in any way; (b) CNPC has undertaken not to engage in any irregular or improper connected transactions with CNPC Finance, pursue any connected transactions superior than those of similar conditions with other shareholders of CNPC Finance and non-connected persons or obtain any improper benefits using its influence on the operation and management of CNPC Finance; and (c) CNPC has undertaken to establish an effective risk isolation mechanism to prevent the transmission and transfer of risks among CNPC, CNPC Finance and other connected institutions;
- v. As the shareholder owning 32% shareholding in CNPC Finance, the Company has nominated three directors to participate in major operational decisions of CNPC Finance, supervise and control its operational risks, and is entitled to receive dividend income in proportion to its capital contribution; and
- vi. CNPC Finance has also undertaken that it has established a compliant and comprehensive risk governance framework and full-scope risk and financial management systems to safeguard the security of deposits; CNPC Finance will ensure that the Group's deposits placed with it will be given priority for use in providing settlement, loan and other financial services to the Group, and will endeavor to meet the Group's funding requirements.

In addition, as disclosed in the Circular, we note the Company and CNPC Finance have also in place a set of internal control and risk management measures to ensure terms offered for the financial services, including that of deposit services are favourable to the Company, as the interest rate for RMB deposits shall be based on the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall be no lower than the deposit rates offered by major commercial banks under comparable conditions for the same period. Furthermore, we also note that the Company can manage the funds deposited with CNPC Finance at its own discretion and may withdraw the deposits at any time, in a timely manner and without limitation. The Company has the right to choose to terminate the deposits with CNPC Finance in advance. At the same time, the Company may, at its sole discretion, deposit its funds with CNPC Finance or independent commercial banks in or outside of China without any restriction.

In addition to the aforementioned, we also note from the letter from the Board of the Circular, CNPC Finance undertakes that the deposits obtained from the Company will be primarily used for the Company's capital needs and ensure the safety of the deposits.

As such, we concur with the Management and consider that the deposit services under the New Financial Services Agreement, are in the ordinary course of business and in the interests of the Group.

### **3. Terms of the Continuing Connected Transactions**

#### ***3.1 New Comprehensive Agreement***

On 27 March 2026, the Company and the CNPC entered into the New Comprehensive Agreement. The New Comprehensive Agreement is valid for three years commencing from 1 January 2027.

- (1) Products and services to be provided by the Group to CNPC/Jointly-held Entities
  - (a) Products and services including those relating to crude oil, natural gas, refined oil products, chemical products, supply of water, supply of electricity, supply of gas, supply of heating, quantifying and measuring, entrusted operation and management, material

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## LETTER FROM SOMERLEY

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supply and other relevant or similar products and services as may be requested by CNPC/Jointly-held Entities for its own consumption, use or sale from time to time; and

- (b) Financial services provided by the Group to Jointly-held Entities, including entrustment loans, among others.

(2) Products and services to be provided by CNPC/Jointly-held Entities to the Group

The products and services to be provided by CNPC/Jointly-held Entities to the Group are expected to be more numerous, both in terms of quantity and variety, than those to be provided by the Group to CNPC/Jointly-held Entities. They have been grouped together and categorized according to the following types of products and services:

- (a) Engineering technology services, including but not limited to exploration technology service, downhole operation service, oilfield construction service, refinery construction service, engineering design service and public engineering services;
- (b) Production services, mainly associated with products and services to be provided, arising from the day-to-day operations of the Group, including but not limited to crude oil, natural gas, refined oil products, chemical products, water supply, electricity supply, gas supply, heat supply, communication and information technology services;
- (c) Material supply services, mainly involving the agency services on the procurement of materials, including but not limited to purchase of materials, quality examination, storage of materials and delivery of materials, which by virtue of its different nature, are not covered in the engineering technology services and production services referred to above;
- (d) Social and living support services, including but not limited to cultural promotional services, staff canteens, training centers, retirement management and re-employment services, etc.; and
- (e) Financial services, including loans and other financial assistance, deposit services, insurance, entrustment loans, settlement services, financial leasing services and other financial services.

### *Pricing Principles*

#### Pricing principles for the Continuing Connected Transactions with CNPC

- (1) Products and services provided by the Group to CNPC/Jointly-held Entities: pricing principles include government-prescribed pricing plus diversion cost (if any) and market-oriented pricing;
- (2) Engineering technology services provided by CNPC/Jointly-held Entities to the Group: pricing principles include government-prescribed pricing, market-oriented pricing (which includes tender prices) and agreed contractual price;
- (3) Production services provided by CNPC to the Group: pricing principles include government-prescribed pricing plus diversion cost (if any), market-oriented pricing, agreed contractual price and the actual cost incurred; and
- (4) Deposit services provided by CNPC to the Group: pricing principles include government-prescribed pricing and market-oriented pricing.

The New Comprehensive Agreement details specific pricing principles for the products and services to be provided pursuant to the New Comprehensive Agreement. The pricing determination of the New Comprehensive Agreement remains consistent with that of the Comprehensive Agreement. If, for any reason, the specific pricing principle for a particular product or service ceases to be applicable, whether due to a change in circumstances or otherwise, such product or service must then be provided in accordance with the following general pricing principles:

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## LETTER FROM SOMERLEY

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- (1) government-prescribed price (this applies to products and services such as refined oil products, natural gas, water supply, electricity supply (in certain regions), gas supply and heat supply (plus diversion costs in respect of supply of water, electricity, gas and heat)); or
- (2) where there is no government-prescribed price, then according to the relevant market-oriented prices (at present, this applies to products and services such as engineering design, project monitoring and management, refinery and chemical facilities construction, crude oil, chemical products, electricity supply (in certain regions), asset leasing, repair of machinery, transportation, purchase of materials, quantifying and measuring and entrusted operation and management, etc.); or
- (3) where neither (1) nor (2) is applicable, then according to:
  - (a) the actual cost incurred (at present, this applies to book information and partial filing storage, maintenance of roads); or
  - (b) the agreed contractual price, being the actual cost for the provision of such product or service plus an addition of not more than:
    - (i) 15% of the cost for certain engineering technology services priced (at present, this applies to products and services such as geophysical prospecting, drilling, well cementing, logging, mud logging, well testing, oil testing and oilfield construction) provided that, such agreed contractual price shall not be higher than the prices available for the provision of such products and services in the international market; and
    - (ii) 3% of the cost for all other types of products and services priced (at present, this applies to products and services such as downhole operations, equipment maintenance and repair, equipment antiseptic testing and research, technical services, communications and information technology services, firefighting, quality inspection, storage of materials, delivery of materials and training centers).

As a commitment to the investors, the Company has set caps of profit margin in light of the prevailing market circumstances as at the time of the Company's listing, and the caps of profit margin have remained unchanged since then. Based on the past business performance and with reference to the margin of profit before tax of the similar business of more than two comparable companies in market, the Company is of the view that these caps are fair and reasonable and therefore are still in the interests of the Company and its Shareholders as a whole in the present circumstances.

In order to ensure the reasonableness and accuracy of the actual cost for the relevant products and services, the transaction parties under the Company and CNPC will generally negotiate the cost for the products and services to be provided in advance. The cost will be determined based on the number of consumed units and unit price. The number of consumed units will be determined by the parties according to the cost-efficient level or the average level of similar projects in history. The unit price will be determined by the parties with reference to the market-oriented price for cost. Meanwhile, the Company and CNPC have jointly set up a construction cost center comprised by experienced technical experts, which is responsible for the formulation of the cost standards for certain engineering technology services provided by CNPC according to the above-mentioned mechanism. After the provision of relevant products or services, the internal auditors of the Group will review the actual cost of these products or services prepared by CNPC with reference to the negotiation results prior to the transactions or the cost standards formulated by the construction cost center. The settlement and payment shall only be made after the review is approved by the internal auditors.

- (4) with regards to certain special products and services, the following pricing principles are adopted:

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## LETTER FROM SOMERLEY

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- (a) for public engineering services (means engineering service in relation to oil regions, factory roads, municipal facilities, civil construction and public facilities), in accordance with the set quotas and pricing standards (the quotas specified by the People's Government of respective provinces, autonomous regions or municipalities) if the same have been set uniformly by the government; and via public tendering if no such quotas and pricing standards have been set;
- (b) for cultural promotional services, the amount charged by CNPC/Joint-held Entities is determined based on CNPC's/Joint-held Entities' actual cost incurred in providing such services to the Group and the parties agreed that the amount payable by the Group to CNPC shall in no event exceed the actual amount paid by the Group to the CNPC in 1998 (approximately RMB247 million) and the amount payable by the Group shall gradually decrease on a year-by-year basis;
- (c) retirement management and re-employment services, the amount charged by CNPC/Joint-held Entities is determined based on CNPC's/Joint-held Entities' actual cost incurred in providing such services to the Group and the amount payable by the Group shall gradually decrease on a year-by-year basis.

As disclosed in letter from the Board of the Circular, under the New Comprehensive Agreement, the Non-Exempt Continuing Connected Transactions with CNPC conducted thereunder shall be priced in accordance with the following terms:

(i) **Government-prescribed price**

The definition of "government-prescribed price" refers to the price in respect of certain category of products or services determined by the laws, regulations, decisions, orders or policies, etc. enacted by governments of the relevant countries or regions (including but not limited to the central government, federal government, provincial government, state or coalition government or any organization responsible for domestic ruling and foreign affairs in respect to certain specified territory, irrespective of its name, organization or form) or other regulatory departments.

The "government-prescribed price" for different products and services is determined with reference to the following:

**Type of  
product/service with  
"government-prescribed  
prices"**

**Basis for price determination**

Refined oil products

According to the Notice of the National Development and Reform Commission on Further Improving the Pricing Mechanism of Refined Oil (Fa Gai Jia Ge [2016] No. 64) issued by the National Development and Reform Commission on 13 January 2016, the retail price and wholesale price of gasoline and diesel, as well as the supply price of gasoline and diesel to special users such as social wholesale enterprises, railway and transportation, etc., shall be government-guided prices; the supply price of gasoline and diesel to the national reserve and Xinjiang Production and Construction Corps shall be government-prescribed prices. The price of gasoline and diesel shall be adjusted every ten business days with reference to the changes in the international market price of crude oil. The National Development and Reform Commission publishes the maximum retail price in ton of standard gasoline and diesel, and the supply price of gasoline and diesel to the national reserve and Xinjiang Production and Construction Corps on its portal website. The provincial price authorities shall publish the highest wholesale prices and highest retail prices of gasoline and diesel standard products and non-standard products in their regions on the designated websites.

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## LETTER FROM SOMERLEY

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### Natural gas

According to the Catalogue of Pricing by the Central Government (Order No.31 of the National Development and Reform Commission of the People's Republic of China) issued by the National Development and Reform Commission on 13 March 2020 and effective on 1 May 2020, the city-gate prices of offshore gas, shale gas, coal-bed gas, coal gas, liquefied natural gas, gas directly supplied to users, gas purchased and sold through gas storage facilities, gas publicly traded on the trading platform, and imported natural gas through pipelines put into operation after 2015, as well as natural gas in provinces with competitive conditions shall be formed on the market; and the city-gate prices of natural gas of other domestic onshore pipelines and imported natural gas through pipelines put into operation before the end of 2014 shall be temporarily governed by the pricing mechanism currently in force, and be liberalized at appropriate time and formed on the market depending on the market-oriented reform progress of natural gas. According to a series of plans for natural gas price reform gradually released by the National Development and Reform Commission in recent years, the current pricing mechanism mainly involves implementing benchmark city-gate price management. The natural gas supply and demand sides negotiate and determine specific city-gate prices within a range of 20% upward and unlimited downward adjustments based on the benchmark city-gate prices published by local governments. At the same time, the seasonal price policies will be carried out to encourage market-oriented trading. Natural gas production and operation enterprises and users are encouraged to actively enter and trade on natural gas trading platforms, and the prices of natural gas publicly traded through trading platforms such as Shanghai and Chongqing Petroleum and Gas Exchange will be formed by the market.

### Water supply

According to the Measures for the Administration of Urban Water Supply Prices issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development on 3 August 2021 and effective on 1 October 2021, urban water supply prices are in principle set by the government, and the specific pricing power shall be implemented in accordance with the provisions of the pricing catalogue of local governments.

### Electricity supply

In line with the Electricity Law issued by Standing Committee of the National People's Congress (Order No. 23 of the President of the People's Republic of China) on 28 December 1995 and amended respectively on 27 August 2009, 24 April 2015 and 29 December 2018, for the power purchase price of a power network spanning different provinces, autonomous regions, or municipalities, as well as in a provincial power network, a proposal shall be made through consultation by the enterprises engaged in power production and power network operation, and shall be examined and approved by the pricing administrative department of the State Council. The on-grid electricity price in an independent power network shall be negotiated and proposed by the power production enterprise and the power network operating enterprise and submitted to the pricing administrative department with management authority for approval. For the power produced by locally funded power production enterprises, if an independent power network within different regions of the province is formed or the power is generated for local use, the

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## LETTER FROM SOMERLEY

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price shall be under the control of the People's Government of the province, autonomous region or municipality.

Gas supply	According to the Regulation on the Administration of Urban Gas (PRC State Council Order No.666) issued by the State Council on 19 October 2010 and amended on 6 February 2016, the pricing bureau of the People's Government above the county level could prescribe and adjust the selling price for pipeline gas.
Heat supply	Prices for the supply of heat are prescribed by the local governments.

We have reviewed the Group's list of transactions under the Comprehensive Agreement for 2024 and 2025 and note that the products supplied by the Group to CNPC/Jointly-held Entities based on government-prescribed prices primarily consist of refined oil products (gasoline and diesel) and natural gas. Therefore, we have randomly selected a total of twelve samples in 2024 and 2025, covering gasoline, diesel and natural gas (the "Government-Prescribed Pricing Samples"). Given that the Government-Prescribed Pricing Samples covered each major types of products under the Comprehensive Agreement conducted using the government-prescribed pricing during 2024 and 2025, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to.

Based on our review of the Government-Prescribed Pricing Samples, we note that all prices are set in accordance with the aforementioned government-prescribed pricing, and the terms of the transactions, in particular, the prices for products provided by the Group to CNPC/Jointly-held Entities are not lower than those provided to independent third parties for the same/similar products.

### (ii) Market-oriented pricing (which includes tender prices)

The definition of "market-oriented price" refers to the price determined in accordance with the following order:

- (1) with reference to the price charged, by at least two independent third parties, in areas where such type of product or service is provided and on normal terms in the area where the product or service of comparable scale is being provided at that time; or
- (2) with reference to the price charged, by at least two independent third parties, in nearby areas where such type of product or service is provided and on normal terms in the area or country adjacent to the area where the product or service of comparable scale is being provided at that time.

Market-oriented prices primarily apply to crude oil, petrochemical products, refinery construction, asset leasing, repair of machinery, transportation, and other products and services, as well as the Group's deposit transactions with CNPC. The relevant market price for each of the products is determined as per below:

Types of product/service	Primary basis for price determination
Crude oil	The relevant market price of crude oil is determined with reference to crude oil quoted prices on international markets, such as North Sea Brent crude oil.
Chemical products	The relevant market price is determined in accordance with the order price or contract price of external sales, taking into account factors such as freight rate and quality.
Refinery construction, asset leasing, repair of machinery, transportation, etc.	The relevant market price is determined through price enquiry and comparison on the relevant price websites, and by referring to the prices of the same type of transactions in surrounding markets or by way of tender through the e-commerce system.

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## LETTER FROM SOMERLEY

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Provision of deposit services Unless otherwise provided by laws and regulations, interest rates on RMB deposits shall be determined in accordance with the relevant provisions of the Market Interest Rate Pricing Self-Discipline Mechanism under the guidance of the PBOC, and shall not be lower than the interest rates on deposits of the same maturity offered by major commercial banks under comparable conditions. The interest rate for foreign currency deposit services shall be determined by both parties after negotiation with reference to the market interest rates.

We have reviewed the Group's list of transactions under the Comprehensive Agreement for 2024 and 2025 and note that the products and services provided by CNPC/Jointly-held Entities to the Group based on market-oriented prices primarily consist of crude oil and refinery construction services. To assess the fairness and reasonableness of the aforementioned market-oriented pricing principle, we randomly selected a total of four sample contracts for crude oil and refinery construction services provided to the Company in 2024 and 2025 by CNPC/Jointly-held Entities as the suppliers (the "**Market-Oriented Pricing Samples**"). Given that the Market-Oriented Pricing Samples covered each major types of transactions using the market oriented pricing under the Comprehensive Agreement conducted during 2024 and 2025, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to.

Based on our review of the Market-Oriented Pricing Samples, we noted that the terms, including the price, are not less favorable to the Group than those offered by independent third parties to the Group for the same/similar products or services. At the same time, we noted that the refinery construction services provided to the Group by CNPC/Jointly-held Entities are subject to the relevant bidding procedures. The relevant departments will refer to the prices charged by at least two independent third parties providing such products or services of a similar scale at the time, and will assign a comprehensive score based on factors such as relevant qualifications, project experience, and staffing. The bidder with the highest overall score will be selected to provide the relevant services.

We have obtained and reviewed the Company's tendering management measures (the "**Tendering Measures**") from the management. According to the Tendering Measures, in terms of the products or services of which the transaction amount reaches the particular standard prescribed in regulations, the Company shall obtain the above-mentioned market-oriented prices through tendering and the final suppliers of products or services are determined based on the price quotations and other factors including quality of products and services, specific needs of the transaction parties, technical advantages of the suppliers, performance capabilities of the suppliers, and qualification and relevant experience of the suppliers. The operating entities or the tendering center of the Company is responsible for the preparation of tendering requirement documents. A tendering committee comprised by both internal and external randomly picked experts will be established to conduct the tendering process for each project. If the terms offered by CNPC/Jointly-held Entities are considered to be comparable to or better than other bidders by the tendering committee after taking into consideration the above-mentioned factors, CNPC/Jointly-held Entities will be selected as the supplier. In terms of the products and services of which the transaction amount is lower than the particular standard prescribed in the regulations, the Company shall obtain the above-mentioned market-oriented prices by approaches including negotiation and price comparison, and the final suppliers of products or services are determined based on the price quotations and other factors including quality of products and services, specific needs of the transaction parties, technical advantages of the suppliers, performance capabilities of the suppliers, and qualification and relevant experience of the suppliers. If the terms offered by CNPC/Jointly-held Entities are considered to be comparable to or better than other suppliers by such department after taking into consideration the above-mentioned factors, CNPC/Jointly-held Entities will be selected as the supplier upon the final approval by the management team of the operating entity.

Based on the above, we consider the pricing principles (i) government-prescribed price and (ii) market-oriented pricing are fair and reasonable and in the interests of the Group and its Shareholders.

**(iii) Agreed contractual price**

We understand that the priority of the above pricing principles (i) and (ii) is in descending order such that government-prescribed price (pricing principle (i) above) including government provided guidance price are always considered first if and where available. Market-oriented price (pricing principle

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## LETTER FROM SOMERLEY

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(ii) above) will only be applied if there is no government-prescribed price and the determination of the market price will strictly follow the Company's internal control policy. This includes (i) referencing, under normal trading conditions, the prices charged by at least two independent third parties offering products or services of a similar scale in the locality where such products or services are provided; or (ii) referencing, under normal trading conditions, the prices charged by at least two independent third parties offering similar products or services of a similar scale in a region/country adjacent to the locality where such products or services are provided.

Should neither of the pricing principles (i) and (ii) described above, namely government-prescribed prices and market-oriented prices, be applicable, the price for the products/services shall be determined based on the agreed contractual price. This price will be calculated based on the actual cost of providing the products or services, plus a profit not exceeding the amount stipulated below. This principle applies primarily to geophysical prospecting, drilling, well cementing, mud logging, logging, well testing, oilfield construction, and other services.

<b>Types of product/service</b>	<b>Primary basis for price determination</b>
geophysical prospecting, drilling, well cementing, logging, mud logging, well testing, oil testing and oilfield construction	Not exceeding 15% of the cost price of certain engineering and technical services (“ <b>Maximum profit margin of Engineering Agreement</b> ”), but the contract price of such agreement shall not be higher than the international market price applicable to the product and service. The design budget for individual Wells and the content of entrusted construction operations based on different geological blocks, well types and well depths shall be implemented in accordance with the contract price stipulated in the agreement.
other types of products and services	Not exceeding 3% of the cost for all other types of products and services priced (at present, this applies to products and services such as downhole operations, equipment maintenance and repair, equipment antiseptic testing and research, technical services, communications and information technology services, firefighting, quality inspection, storage of materials, delivery of materials and training centers).

For any projects, the Company will firstly assess whether the services/products sought can be acquired by way of public tender or otherwise. If the complexity of the project is high and, as a matter of market practice, only members of CNPC are included in the pre-approved supplier/vendor list and meet the required qualification involving technical capability as well as track record to take up the project, then the project will be awarded to CNPC. In such a case, the project team will also request quotes from suppliers, including CNPC member companies.

In order to ensure the reasonableness and accuracy of the actual cost for the relevant products and services, the transaction parties under the Company and CNPC will generally negotiate the cost for the products and services to be provided in advance. The cost will be determined based on the number of consumed units and unit price. The number of consumed units will be determined by the parties according to the cost-efficient level or the average level of similar projects in history. The unit price will be determined by the parties with reference to the market-oriented price for cost. Meanwhile, the Company and CNPC have jointly set up a construction cost center comprised by experienced technical experts, which is responsible for the formulation of the cost standards for certain engineering technology services provided by CNPC according to the above-mentioned mechanism. After the provision of relevant products or services, the internal auditors of the Group will review the actual cost of these products or services prepared by CNPC with reference to the negotiation results prior to the transactions or the cost standards formulated by the construction cost center. The settlement and payment shall only be made after the review is approved by the internal auditors.

We have also reviewed the application of the pricing policy for the agreed price (determined as reasonable cost incurred plus reasonable profit) and understand that such practice is a normal practice among industry players in relation to oilfield construction projects and related services. We note that comparable companies listed in Hong Kong, namely CNOOC Limited (883.HK) and China Petroleum & Chemical Corporation (386.HK), have adopted similar pricing principles for their continuing connected transactions as the Group. Specifically, China Petroleum & Chemical Corporation (386.HK) applies the pricing policy of agreed price (determined as reasonable cost incurred plus reasonable profit) for certain

## LETTER FROM SOMERLEY

utility projects, which, in terms of transaction nature, are comparable to the engineering technology services and production services provided by CNPC/Jointly-held Entities to the Company. Thus, we consider the agreed price is of industry norm and in the normal business course. Based on the above, we are of the view that when pricing principles (i) and (ii) are not applicable, adopting the agreed price for the Continuing Connected Transactions is fair and reasonable as far as the Independent Shareholders are concerned.

In order to assess the fairness and reasonableness of the maximum profit margin of not exceeding 15% for the engineering agreements as set out in the above pricing mechanism, we have, on a best effort basis, conducted a search of four relevant oilfield service companies listed on the Hong Kong Stock Exchange that are principally engaged in similar engineering and technology services provided by the CNPC/Jointly-held Entities to the Group (the “**Comparable Companies**”). More than 80% of the Comparable Companies' revenues in the most recent financial year were generated from providing oil and gas services, including oilfield technical services, drilling services, geophysical prospecting services, and inspection services. The following table sets out the operating profit margins of the Comparable Companies over the past five financial years:

No.	Stock Code	Company name	Market capitalization <i>(Note 1)</i>	Operating Profit Margin					Average
				HKS' million	2025	2024	2023	2022	
1	2883.HK	China Oilfield Services Limited	46,760	11.8%	10.5%	11.0%	7.6%	5.3%	9.2%
2	1033.HK	Sinopec Oilfield Service Corporation	18,010	1.5%	1.3%	1.1%	1.0%	0.5%	1.1%
3	3337.HK	Anton Oilfield Services Limited	3,180	12.8%	13.8%	13.5%	18.9%	14.7%	14.7%
4	1623.HK	Hilong Holding Limited	420	N/A <i>(Note 2)</i>	8.0%	10.2%	15.1%	15.8%	12.3%
								<b>Minimum</b>	1.1%
								<b>Maximum</b>	14.7%
								<b>Median</b>	10.8%
								<b>Average</b>	9.3%

*Note 1: The market capitalisation of the Comparable Companies is as of 27 March 2026.*

*Note 2: According to the annual result announcement of Hailong Holding Limited for the year ended 31 December 2025, the operating profit of the company is negative.*

For the five financial years ended 31 December 2025, the historical operating profit margin of all Comparable Companies ranged from 0.5% to 18.9% and the average operating profit margins of all Comparable Companies ranged from 1.1% to 14.7%. Taking into account that (i) the maximum profit margin of 15% for the engineering agreements is based on the prospectus issued by the Company on 27 March 2000, and has been consistently applied by the Company since the circular regarding the Non-Exempt Continuing Connected Transactions with CNPC published on 18 October 2002; (ii) the maximum profit margin under the engineering agreements falls within the range of the historical operating profit margin of the Comparable Companies; (iii) based on the information provided by the Group, overall operating profit margin of the engineering technology services provided by the CNPC/Jointly-held Entities to the Group were lower than 15% for the two years ended 31 December 2025. We have reviewed the annual report of China Petroleum Engineering Co., Ltd. (“**CNPC Engineering**”) (600339.SH) for the year ended 31 December 2025. CNPC Engineering primarily provides clients with comprehensive turnkey solutions, including front-end engineering design (FEED) and engineering, procurement, construction, and commissioning (EPCC) turnkey contracting services. As advised by the Management, CNPC Engineering primarily provides services to CNPC and its related parties. We note that as of 31 December 2025, (a) CNPC Engineering's top five customers were all related parties, and sales to these customers accounted for approximately 44% of its total annual sales; and (b) its overall operating profit margin was approximately 1.07%; (iv) under the New Comprehensive Agreement, the agreed price shall not be higher than the prices available for the provision of such products and services in the international market; (v) the reasons for the Group using cost-plus pricing mechanism and the internal control mechanisms in place are to ensure that the profit margins are no higher than 15%; and (vi) we note from the annual reports of the Company for 2024 and 2025 that the auditors of the Company have reviewed the Non-Exempt

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## LETTER FROM SOMERLEY

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Continuing Connected Transactions with CNPC for each of the three financial years ended 31 December 2025, and confirmed that the transactions in prior years were conducted in accordance with the requirements in Rule 14A.56 of the Listing Rules, we consider the maximum profit margin of the engineering agreements to be fair and reasonable.

Additionally, CNPC is one of the companies with the most extensive experience in exploration and development of crude oil and natural gas in the world, providing premier engineering technology services to the Group. CNPC is also one of the few companies in the PRC which provides unique and high-quality petrochemical related engineering technology services. The services and terms offered by independent third parties are difficult to match the same quality services provided by CNPC. Furthermore, CNPC has had a long-term relationship with the Group providing relevant services, and is familiar with the Group and has established a good cooperative model and accumulated rich cooperative experience to create synergy. CNPC offers advantages including safety, reliability, technical expertise, understanding of existing facilities and experience in providing engineering technology services, which enables CNPC to be competitive against other companies.

In light of the foregoing, we consider that the pricing policy based on agreed contractual price is in line with market practices, and is fair and reasonable so far as the Independent Shareholders are concerned.

### ***3.2 New Financial Services Agreement***

On 27 March 2026, the Company and CNPC Finance renewed the New Financial Services Agreement, which is valid for a term of three years, and will become effective from 1 January 2027.

According to the New Financial Services Agreement, the Additional Continuing Connected Transactions provided by CNPC Finance to the Group are deposit services.

The pricing of Additional Continuing Connected Transactions under the New Financial Services Agreement is subject to the following terms:

Pricing principles:

- (1) government-prescribed price; or
- (2) where there is no government-prescribed price, then the price shall be determined based on the government-guided price;
- (3) where neither (1) or (2) is applicable, then;
  - (a) the price shall be determined with reference to the market price or fee charging standards offered by the independent third parties; or
  - (b) where there is no market price from the independent third parties, then the price shall be determined after arm's length negotiation based on the principle of fairness and reasonableness.

In addition, the New Financial Services Agreement specifically stipulates that:

- (1) the interest rate for Renminbi deposit services shall be determined according to the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall not be lower than the interest rate offered by major commercial banks under comparable conditions for deposits during the same period. The interest rate for foreign currency deposit services shall be determined through fair negotiation between the parties with reference to market interest rates;
- (2) CNPC Finance will not charge the Group in relation to provision of settlement services;

## LETTER FROM SOMERLEY

- (3) Fees for other financial services shall be no higher than the fees offered by independent third parties to the Group for the same category of services and no higher than the fees charged by CNPC Finance to the subsidiaries of CNPC (excluding the Group) for the same category of services.

We note and understand that the interest rates of deposit services under the New Financial Services Agreement are determined in accordance with the relevant provisions of the Market Interest Rate Pricing Self-Discipline Mechanism under the guidance of the PBOC. In this regard, we have obtained 6 records of deposit services under the Financial Services Agreement between the Group and CNPC Finance in 2024 and 2025 (the “**Deposit Samples**”). Given that the Deposit Samples reviewed represents the three largest deposit transactions conducted during 2024 and 2025 respectively, we consider such samples fair and representative for the purpose of our analysis on whether the relevant pricing policies were adhered to. We noted that the relevant deposit interest rates were all priced in accordance with the relevant provisions of the Market Interest Rate Pricing Self-Discipline Mechanism under the guidance of the PBOC and not lower than the rates offered by other independent commercial banks for similar services provided to the Company during the same period. In view of the above, we are of the view that the pricing policy of the deposit services under the New Financial Services Agreement is in line with market practices, and is fair and reasonable so far as the Independent Shareholders are concerned.

#### 4. *Historical amounts and historical caps and the proposed annual caps*

The table below sets out (i) the annual caps of amounts payable/receivable by the Company for each of the three years ended/ending 31 December 2024, 2025 and 2026, respectively; and (ii) the actual amounts paid/received by the Company for each of the two years ended 31 December 2024 and 2025 and for the three months ended 31 March 2026 under each of the Continuing Connected Transactions.

	<b>Historical transaction amounts</b>		<b>Historical annual caps</b>		
	<i>RMB Million</i>		<i>RMB Million</i>		
	<b>For the years ended</b>		<b>For the years ended/ending</b>		
	<b>31 December</b>		<b>31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Products and services to be provided by the Group to CNPC and the Jointly-held Entities	64,712	61,773	95,900	102,900	104,100
Engineering technology services to be provided by CNPC to the Group	184,319	174,067	236,400	250,000	256,800
Production service to be provided by CNPC to the Group	169,705	175,880	227,400	234,400	236,400
Financial services to be provided by CNPC and CNPC Finance to the Group			75,000	75,000	75,000
a. Deposit services to be provided by CNPC (excluding CNPC Finance) <sup>(1)</sup>	9,891	9,500	10,000	10,000	10,000
b. Deposit services to be provided by CNPC Finance <sup>(2)</sup>	64,988	64,019	65,000	65,000	65,000

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## LETTER FROM SOMERLEY

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- (1) *Historical transaction amounts refer to the aggregate of maximum deposits made by the Group with CNPC(excluding CNPC Finance) and the interests received in respect of these deposits.*
- (2) *Historical transaction amounts refer to the aggregate of maximum deposits made by the Group with CNPC Finance and the interests received in respect of these deposits.*

The table below sets out the proposed annual caps of amounts payable/receivable by the Company for each of the three years ending 31 December 2027, 2028 and 2029:

	<b>Proposed annual caps</b>		
	<i>RMB Million</i>		
	<b>For the years ending</b>		
	<b>31 December</b>		
	<b>2027</b>	<b>2028</b>	<b>2029</b>
Products and services to be provided by the Group to CNPC and the Jointly-held Entities	93,000	94,000	95,000
Engineering technology services to be provided by CNPC to the Group	245,500	253,000	238,000
Production service to be provided by CNPC to the Group	250,000	236,000	240,000
Financial services to be provided by CNPC and CNPC Finance to the Group			
a. Deposit services to be provided by CNPC (excluding CNPC Finance) <sup>(1)</sup>	15,000	15,000	15,000
b. Deposit services to be provided by CNPC Finance <sup>(2)</sup>	75,000	75,000	75,000

(1) *Proposed annual caps refer to the aggregate of maximum deposits made by the Group with CNPC(excluding CNPC Finance)and the interests received in respect of these deposits*

(2) *Proposed annual caps refer to the aggregate of maximum deposits made by the Group with CNPC Finance and the interests received in respect of these deposits*

As disclosed in the letter from the Board of the Circular, in determining the estimated total payables/receivables for each of the three years ended 31 December 2029, the Company has taken into account, among other things, the following key factors:

**i. Products and services to be provided by the Group to CNPC/Jointly-held Entities**

As disclosed in the letter from the Board of the Circular, the proposed annual caps for the products and services to be provided by the Group to CNPC/Jointly-held Entities have been determined with reference to the historical transactions and transaction amounts in providing products and services by the Group to CNPC/Jointly-held Entities; the estimated business development of the Group; the estimated business development of CNPC; the potential fluctuations in the prices of crude oil, petrochemical products, natural gas and other oil products and services both in the international market and in the domestic market; and quantities of crude oil and natural gas reserves required (by CNPC as decreed by the government).

The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because both the Company and CNPC are large enterprises, with large scale and transaction volumes. Since the annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. As such, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps. Main details are as follows: (1) international trade accounts for a large proportion of this category of connected transactions, and its uncertainty is much greater than other businesses; (2) considering that the Group and CNPC and most of their respective subsidiaries are located in the same region, the Group will supply more products and services to CNPC in order to save logistic costs and improve efficiency. However, as markets and needs from CNPC may change and there is competition from independent third parties on market, products and services actually provided by the Group to CNPC may be less than anticipated. The Group has lowered the proposed annual caps based on the actual conditions, expected changes of the markets in the future and the needs from CNPC.

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## LETTER FROM SOMERLEY

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Based on the information provided by the Company, the total amounts of products and services provided by the Group to CNPC and the Jointly-held Entities were approximately RMB64,712 million and RMB61,773 million for the two years ended 31 December 2025, respectively, representing approximately 67.5% and 60.0% of the respective annual caps. As advised by the Management, the difference between the actual amounts incurred and historical annual caps for 2024 to 2025 is mainly because: (i) international trade accounts for a large proportion of this category of connected transaction, which is subject to far greater uncertainty than other businesses; and (ii) considering that the Group, CNPC and most of their respective subsidiaries are located in the same region, the Group supplies products and services to CNPC in order to save logistic costs and improve efficiency. However, as markets and demands from CNPC may change and there is competition from independent third parties on the market, products and services actually provided by the Group to CNPC may be less than anticipated. The proposed annual cap for the products and services to be provided by the Group to CNPC in 2027 represents a decrease of approximately 10.7% compared to that in 2026. The proposed annual caps for the products and services to be provided by the Group to CNPC in 2028 and 2029 each represent an increase of approximately 1.1% compared to those in 2027 and 2028, respectively. Based on communications with the Management, we understand that the primary reason for the proposed annual caps for 2027 to 2029 being lower than that for 2026 is that the Company's utilisation rates of the annual caps for 2024 and 2025 were only approximately 67.5% and 60.0%, respectively, both of which were not fully utilised. Accordingly, taking into account the actual circumstances such as changes in market conditions and the demands from CNPC, the Company has reduced the proposed annual caps for 2027 to 2029.

In arriving at the proposed annual caps for products and services to be provided by the Group to CNPC and the Jointly-held Entities for the three years ending 31 December 2029, the Group has estimated the future crude oil, natural gas, and other refined oil products prices based on experience with reference to the historical crude oil, natural gas, and other refined oil products price fluctuations and expected future price fluctuations. Based on communications with the Management, we understand that when determining the proposed annual caps, the Group assumed the international crude oil average prices to be US\$65 per barrel for 2027 to 2029. According to our research on Bloomberg, we note that key oil price indicators such as Brent crude oil prices have historically been relatively volatile, with a slight fluctuation in January 2023 and then surging to over US\$90/barrel in September 2023, reaching a near three-year high. This was primarily driven by, among other factors, geopolitical impacts such as the Russia-Ukraine war and production cuts by OPEC countries. Thereafter, affected by factors including shrinking global crude oil demand and increased supply, international crude oil prices declined to approximately US\$63/barrel by December 2025. As of the end of January 2026, Brent crude oil prices stood at approximately US\$67/barrel. We have also referred to the report by the U.S. Energy Information Administration (EIA) in February 2026, which projected Brent crude oil prices to remain around US\$60 throughout 2026 and to stabilise and bottom out in 2027, driven by further global economic recovery. Additionally, we have referenced Goldman Sachs' outlook report on global commodity prices from December 2025, which anticipates Brent crude oil prices to recover to the range of US\$75/barrel to US\$80/barrel between the end of 2027 and 2028.

Although Brent crude oil prices have historically fluctuated, on 28 February 2026, following the outbreak of war between the United States and Israel against Iran, the price of Brent crude oil surged to approximately US\$73/barrel by the end of February 2026 and surpassed US\$100/barrel in March 2026. We believe that geopolitical factors will have a significant impact on prices in the short term, but will not alter the overall trend. Therefore, we consider that the forecast of oil prices used by the Company, being approximately US\$65/barrel in 2027, 2028 and 2029 respectively, is reasonable and prudent.

According to the Catalogue of Pricing by the Central Government (Order No.31 of the National Development and Reform Commission of the People's Republic of China) issued by the National Development and Reform Commission on 13 March 2020 and effective on 1 May 2020, the city-gate prices of offshore gas, shale gas, coal-bed gas, coal gas, liquefied natural gas, gas directly supplied to users, gas purchased and sold through gas storage facilities, gas publicly traded on the trading platform, and imported natural gas through pipelines put into operation after 2015, as well as natural gas in provinces with competitive conditions shall be formed on the market; and the city-gate prices of natural gas of other domestic onshore pipelines and imported natural gas through pipelines put into operation before the end of 2014 shall be temporarily governed by the pricing mechanism currently in force, and be liberalized at

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## LETTER FROM SOMERLEY

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appropriate time and formed on the market depending on the market-oriented reform progress of natural gas. We have reviewed the city-gate benchmark prices for non-residential natural gas in various provinces disclosed in the “Notice of the National Development and Reform Commission on Adjustment of Natural Gas City-Gate Benchmark Prices” (NDRC Price [2019] No. 562) issued by the National Development and Reform Commission in 2019, and noted that the price range is from RMB1,030/thousand cubic metres (value-added tax inclusive) to RMB2,040/thousand cubic metres (value-added tax inclusive). At the same time, we have referred to the national monthly average prices of CNPC pipeline gas on the open market for the period from 31 December 2024 to the end of February 2026 (which represents the longest historical data disclosed on the Shanghai Petroleum and Natural Gas Exchange website (the “**Industry Website**”)) as published on the Industry Website. According to this authoritative website, prices have generally trended downward month by month, falling from a peak of RMB2,987/thousand cubic metres (excluding pipeline transportation fees) to RMB2,335/thousand cubic metres (excluding pipeline transportation fees) at the end of February 2026. Therefore, we concur with the Company’s estimation of the domestic natural gas prices to remain stable for the following three years.

Given that the markets and demands from CNPC may change and there is competition from independent third parties on the market, the quantities of future transactions between the Group and CNPC and the Jointly-held Entities may decrease. We are of the view that given the uncertainties in the world energy market, the fluctuating energy prices and business development of the Group, the proposed annual caps will enable the Group to provide reasonably steady supply to CNPC and the Jointly-held Entities.

### **ii. Engineering technology services to be provided by CNPC/Jointly-held Entities to the Group**

As disclosed in the letter from the Board of the Circular, the proposed annual caps for the provision of engineering technology services have been determined with reference to the completed transactions and transaction amounts for the engineering technology services provided by CNPC/Jointly held Entities to the Group and the estimated business development of the Group. The Group has obtained engineering technology services from CNPC in the ordinary course of business, and as one of the most experienced companies in the world, the engineering technology services CNPC provided to the Group are quality services. CNPC is also one of the few companies in the PRC which can provide quality petroleum and petrochemical related engineering technology services.

As advised by the Management, the total amounts of engineering technology services provided by CNPC to the Group were approximately RMB184,319 million and RMB174,067 million for the two years ended 31 December 2025, respectively, representing approximately 78.0% and 69.6% of the respective annual caps. The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because (1) both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans and the Group's needs for production and operation when applying for the annual caps. Main details are as follows: CNPC's competitiveness in the industry are comparably stronger as it has human resource advantages, technological advantages and cost advantages, etc. When estimating the caps, the Group shall consider the possibility that CNPC will participate in all the projects. However, CNPC might not be able to participate in all the projects in practice due to specific conditions of different projects; and (2) taking into account the increasing storage and production of the upstream business of the Group, the Group's strategic layout and continuous development of its new energy, new materials and other businesses, the amount of engineering technology services to be procured by the Group from CNPC is expected to be higher than the actual amounts in 2024 and 2025.

In terms of the proposed annual caps for engineering technology services to be provided by CNPC to the Group for each of the three years ending 31 December 2029, the amounts in engineering technology services to be provided by CNPC to the Group will decrease by approximately 4.4% in 2027 as compared to 2026, increase by approximately 3.1% in 2028 as compared to 2027, and decrease by approximately 5.9% in 2029 as compared to 2028.

As advised by the Management, the proposed annual caps for the engineering technology services to be provided by CNPC to the Group are determined based on the business development plan. We have

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## LETTER FROM SOMERLEY

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obtained and reviewed the business development plan for 2023 to 2029. We noted that the proposed annual caps for 2027 to 2029 in relation to engineering technology services accounted for approximately 78% to 84% of the respective expected total investment amounts for projects which require engineering technology services. We also noted that the actual amount incurred for engineering technology services in 2024 and 2025 represented approximately 72% and 66%, respectively of the then expected total investment amounts. As advised by the Management, the projected higher proportion of total investment amounts attributable to engineering technology services to be provided by CNPC for 2027 to 2029 as compared to that for 2024 and 2025, was mainly due to the fact that several engineering technology services projects originally scheduled for completion in 2026 will be delayed to 2027 to 2029.

CNPC provides the Company with high-quality engineering technology services and possesses extensive experience in crude oil and natural gas exploration and development. CNPC is one of the few companies providing quality petrochemical related engineering technology services in the PRC. We understand from the Management that in determining the proposed annual caps of engineering technology services to be provided by CNPC to the Group for 2027 to 2029, the Company has considered (i) the possibility of a substantial level of construction projects obtained by CNPC/Jointly-held Entities based on the above-mentioned advantages of services offered by CNPC; and (ii) the historical capital expenditure, historical caps and historical transaction amounts incurred.

Having considered the above-mentioned, we are of the view that the future capital expenditure plan is in line with the Company's business development strategy and plan, and are prepared by the Group after careful consideration. We are of the view that the proposed annual caps for the provision of engineering technology services provide sufficient room for the Group to execute its future business development plan, and the proposed annual caps are determined on a fair and reasonable basis.

### **iii. Production services to be provided by CNPC/Jointly held Entities to the Group**

As disclosed in the letter from the Board of the Circular, the proposed annual caps for the production services to be provided by CNPC/Jointly held Entities to the Group have been determined with reference to the previous transactions conducted and transaction amounts in respect of production services provided by CNPC to the Group; the estimated business development of the Group, and the potential changes of the prices of oil and gas products and services in the international and the PRC market. Production services mainly consist of water supply, electricity supply, gas supply, the supply of petroleum, natural gas and petrochemical products and other services by CNPC/Jointly held Entities to the Group. The Group is of the view that the proposed adjustment in annual caps is in line with the estimated development of the business of the Group and is determined based on principles of fairness and reasonableness.

The difference between the 2024 and 2025 annual caps and the historical amounts incurred in 2024 and 2025 and the difference between the proposed annual caps and the historical amounts incurred in 2024 and 2025 are mainly because (1) both the Company and CNPC are large enterprises, with a large scale and transaction volumes. Since the proposed annual caps for the continuing connected transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. Accordingly, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the proposed annual caps. Main details are as follows: (a) international trade accounts for a large proportion of this category of connected transactions, and its uncertainty is much greater than other businesses; (b) due to the objective to maintain the quality of crude oil and natural gas, CNPC is required to replace its crude oil and natural gas reserve from time to time and supply the replaced crude oil and natural gas to the Group to conduct production and sales activities; and (2) in view of the Group's strategic lay out such as internationalization and the needs of continuous development of its business, the amount of production services to be procured by the Group from CNPC is expected to increase and to be higher than the actual amounts in 2024–2025.

Based on the information provided by the Company, the total amounts of production services provided by the Group were approximately RMB169,705 million and RMB175,880 million for the two years ended 31 December 2025, respectively, representing approximately 74.6% and 75.0% of the respective annual caps. As advised by the Management, the difference between the actual amounts incurred and historical annual caps for 2024 to 2025 is mainly because: (i) international trade

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## LETTER FROM SOMERLEY

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accounts for a large proportion of this category of connected transaction, which is subject to far greater uncertainty than other businesses; and (ii) due to the objective to maintain the quality of crude oil and natural gas, CNPC is required to replace its crude oil and natural gas reserve from time to time and supply the replaced crude oil and natural gas to the Company to conduct production or sales activities, but the quantities and timing of replacement are uncertain.

Based on the proposed annual caps for production services to be provided by CNPC to the Group for each of the three years ending 31 December 2029, the amounts in production services to be provided by CNPC to the Group will increase by approximately 5.8% in 2027 as compared to 2026, decrease by approximately 5.6% in 2028 as compared to 2027, and increase by approximately 1.7% in 2029 as compared to 2028. The annual transaction caps for 2027 to 2029 will remain largely unchanged from those for 2024 to 2026, primarily based on the assumption that international crude oil price trends will not undergo significant changes (barring the impact of extreme geopolitical factors) and that the volume of production services provided by CNPC to the Group will remain stable.

Having considered the above-mentioned, we are of the opinion that the proposed annual caps for the production services provided by CNPC to the Group are fair and reasonable.

#### **iv. Deposit services to be provided by CNPC and CNPC Finance to the Group**

As disclosed in the letter from the Board of the Circular, the proposed annual caps for the deposit services (aggregate of deposits and interests) to be provided by CNPC (excluding CNPC Finance) to the Group have been determined with reference to the estimated business development of the Group, the Group's historical cash flow and levels of deposits and the competitive interest rates offered by financial institutions.

In order to optimize cash flow management and capital efficiency of the Group, CNPC's commercial banks provide a full range of financial services to the Group. The Group is of the view that the proposed annual caps are in line with the development of the business of the Group and is determined based on principles of fairness and reasonableness.

The 2024 and 2025 annual caps and the historical amounts of the deposits made by the Group with other financial institutions under CNPC and the total amount of interests received in respect of these deposits were close to the annual cap for deposit services for the relevant year; taking into account the Group's expected future business development and the need for centralised management of its subsidiaries' capital, the proposed annual caps are higher than the historical amounts.

As disclosed in the letter from the Board of the Circular, the proposed annual caps for the deposit services (aggregate of deposits and interests) provided by CNPC Finance to the Group have been determined with reference to the estimated business development of the Group, the Group's historical cash flow and levels of deposits and the competitive interest rates offered by financial institutions. For 2024 and 2025, the Group's settlement amounts with CNPC Finance were RMB44.76 trillion and RMB43.86 trillion, respectively, and the actual deposit amounts accounted for more than 98% of the respective annual caps in those years. For the year ended 31 December 2024, the beginning balance of the Group's deposits with CNPC Finance was RMB46,154 million, with cash inflow of RMB6,079,037 million and cash outflow of RMB6,062,348 million during the year, and the ending balance was RMB62,843 million. For the year ended 31 December 2025, the beginning balance of the Group's deposits with CNPC Finance was RMB62,843 million, with cash inflow of RMB7,427,001 million and cash outflow of RMB7,426,068 million during the year, and the ending balance was RMB63,776 million. The Renminbi interest rate ranged from 0.05% to 2.85%.

The interest rate for Renminbi deposit services shall be determined according to the market interest rate pricing self-discipline mechanism guided by the People's Bank of China, and shall not be lower than the interest rate offered by major commercial banks under comparable conditions for deposits during the same period; and the interest rate for foreign currency deposit services shall be determined by the parties through negotiation with reference to market interest rates.

The 2024-2025 annual caps for deposit services of CNPC Finance and the historical amounts of the Group's deposits placed with other financial institutions under CNPC and the total interest received in respect

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## LETTER FROM SOMERLEY

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of such deposits were close. The Group has revised the proposed annual caps with reference to the historical transaction amounts and the Group's expected business development.

Given that the balance of loans provided by CNPC Finance to the Group generally exceeds the balance of the Group's deposits with CNPC Finance, the Group considers that the proposed annual caps for the Group's deposits with CNPC Finance are in line with the Group's business development and have been determined on a fair and reasonable basis. In addition to deposit services, CNPC Finance also provides loan services to the Group. For the year ended 31 December 2024, the beginning balance of the loans provided by CNPC Finance to the Group was RMB70,513 million, with new loans of RMB39,466 million and repaid loans of RMB44,385 million during the year, and the ending balance was RMB65,594 million. For the year ended 31 December 2025, the beginning balance of the loans provided by CNPC Finance to the Group was RMB65,594 million, with an increase of RMB33,219 million and decrease of RMB21,039 million during this period, and the ending balance was RMB77,774 million. The Renminbi interest rate range was between 1.5%-3.2%. In addition, based on the Group's current business plan, the Company expects that the ratio between the amount of loans to be obtained from CNPC Finance and the amount of deposits to be placed with CNPC Finance will remain basically stable for the three years ending 31 December 2029, and the amount of loans expected to be obtained from CNPC Finance for the three years ending 31 December 2029 will be RMB140,000 million, RMB180,000 million and RMB220,000 million, respectively.

Based on the information provided by the Company, the total amounts of financial services (aggregate of deposits and interests) provided by CNPC Finance to the Group were approximately RMB64,988 million and RMB64,019 million for the two years ended 31 December 2025, respectively. The historical utilisation rate of the annual caps under this category has been very close to 100% for each year.

Based on the proposed annual caps for deposit services to be provided by CNPC and CNPC Finance to the Group for each of the three years ending 31 December 2029, the amounts in deposit services to be provided by CNPC and CNPC Finance to the Group will increase by approximately 15.4% in 2027 as compared to 2026, and remain unchanged in 2028 and 2029 as compared to 2027. As disclosed in the letter from the Board of the Circular, in setting the annual caps for 2027, 2028, and 2029, the Company has considered: (1) the high transaction volumes and utilisation rates of the annual caps over the past three years, with utilisation rates as high as 99.98% and 98.49% in 2024 and 2025, respectively, which have impacted the flexibility of daily fund settlement and allocation; (2) the growth in future realizable revenue, which will lead to a corresponding increase in the Company's internal settlement amounts and various cash inflows; and (3) the interest rates offered by CNPC, CNPC Finance, and other financial institutions.

We noted that for the five financial years ended 31 December 2025, the Group's average annual growth rate in net profit attributable to the parent was approximately 16.9%, and the average annual growth rate in operating profit was approximately 9.0%. This suggests that the Group may be more inclined to engage CNPC Finance in deposit services. We therefore believe that an increase of approximately 15.4% in the annual cap for 2027 compared to 2026 is a reasonable expectation.

Based on the transaction amounts of the annual caps for the two financial years ended 31 December 2025, we have also noted the nearly full utilisation of the maximum daily amounts for the previous two financial years. As such, it is commercially reasonable for the Company to increase the maximum daily amount to provide a certain level of flexibility to accommodate future business development, changes in cash flow position and other unforeseeable needs. In addition, the proposed annual caps in respect of maximum daily amounts of deposit services only represent the highest daily amount that the Company may place with relevant CNPC's financial institutions and there are no obligations for the Company to deposit such amounts with relevant CNPC's financial institutions unless the pricing terms are favourable as compared to those of independent third parties.

### 5. Internal Control

The Company will strictly enforce a series of policies, including connected transaction management methods, internal control management handbook and internal control assessment management methods, to ensure the continuing connected transactions of the Company are conducted in accordance with the New Comprehensive Agreement and the New Financial Services Agreement. The Company's audit committee and external auditors shall conduct annual supervision and inspection and external audits of the effectiveness of the Company's internal control system, including two tests on internal control at the middle and end of each year; the audit and risk

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## LETTER FROM SOMERLEY

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management committee of the Board shall review the evaluation of internal control and the implementation of the continuing connected transactions twice a year.

The Company has established a series of internal control measures to ensure that the pricing basis for the continuing connected transactions of the Company will follow the prescribed pricing mechanism under the framework agreements, including:

- (1) For products and services where the government-prescribed price applies, when any laws, regulations or other regulatory documents in relation to government-prescribed price in respect of certain category of products or services come into effect, the pricing department of the Company will forward these regulatory requirements to its operating entities and require all the operating entities to follow the government-prescribed price. The internal audit department of the Company will review the enforcement of the government-prescribed price by the operating entities from time to time. All the operating entities shall accept the law enforcement supervision by the pricing authorities of the government;
- (2) For products and services where the market-oriented price applies, all the operating entities of the Company shall comply with the regulations for the management of bidding and tendering of the Company. In terms of the product or service of which the transaction amount reaches the particular standard prescribed in regulations, all the operating entities shall determine their suppliers of products and services through tendering. The operating entities or the tendering center of the Company is responsible for the preparation of tendering requirement documents. A tendering committee comprised by both internal and external randomly picked experts will be established to conduct the tendering process for each project and determine the final suppliers. In terms of the product and service of which the transaction amount is lower than the particular standard prescribed in regulations, all the operating entities shall obtain the above-mentioned market-oriented prices by approaches including negotiation and price comparison, and the final suppliers of products or services are determined based on the price quotations and other relevant factors;
- (3) For products and services where the actual cost or agreed contractual price applies, the operating entities of the Group and CNPC will generally negotiate the cost for the products and services to be provided in advance. Meanwhile, the Company and CNPC have jointly set up a construction cost center comprised by experienced technical experts, which is responsible for the formulation of the cost standards for certain engineering technology services provided by CNPC. After the provision of relevant products or services, the internal auditors of the Group will review the actual cost of these products or services prepared by CNPC with reference to the negotiation results prior to the transactions or the cost standards formulated by the construction cost center. The settlement and payment shall only be made after the review is approved by the internal auditors;
- (4) For social and living support services where the actual costs basis applies, including cultural promotional services and retirement management and re-employment services, the Company and CNPC have jointly established an assessment panel comprising of the management team and experts to assess the actual cost incurred in those services; Upon completion of the assessment, the Group's internal auditors will review the costs for those services with reference to the results of the assessment, and settlement and payment will only be made after the internal auditors have completed the review; in addition, the Group's internal auditors will also timely track the aggregated transaction amount to ensure that the amount for these services decreases gradually on a year-by-year basis;
- (5) The Company's audit department shall regularly conduct internal assessments on the internal control measures every year to ensure that the internal control measures in respect of connected transactions remain complete and effective;
- (6) The Board shall review the financial reports containing the disclosure and analysis of the execution of the continuing connected transactions on a semi-annual basis. The review will mainly include whether the Group and relevant connected persons follow the continuing connected transaction agreements (including the prescribed pricing mechanism thereunder) during the year or half of the year and whether the actual transaction amounts incurred between the Group and relevant connected persons are within the annual caps as approved at the general meeting of the Company (if applicable). The annual reports and interim reports of the Company will disclose the information on the deposit and loan transactions between the Group and CNPC Finance as well;

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## LETTER FROM SOMERLEY

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- (7) The independent non-executive Directors shall conduct annual review on the continuing connected transactions and provide annual confirmations in the annual reports of the Company on whether the continuing connected transactions of the Company are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; (iii) according to the relevant agreements the terms of which are fair and reasonable and in the interest of the Company and the Shareholders as a whole;
- (8) The audit and risk management committee of the Board shall conduct review on the annual report and interim report which include the disclosure and analysis of the implementation of the continuing connected transactions; and
- (9) The external auditors of the Company shall report on the continuing connected transactions of the Company every year and issue a letter to the Board in respect of such transactions in accordance with the regulatory rules of the places where the Company is listed, and shall prepare a special report on the summary table of the Group's deposits, loans and other financial services involving connected transactions with financial companies, and a special report on non-operational capital occupation and other related fund transactions by the Controlling Shareholder and their associates.

Furthermore, pursuant to Chapter 14A of the Listing Rules, the Non-Exempt Continuing Connected Transactions with CNPC are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Non-Exempt Continuing Connected Transactions with CNPC every year and confirm in the annual report that the transactions have been entered into:
  - (1) in the ordinary and usual course of business of the Group;
  - (2) on normal commercial terms or better; and
  - (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- (b) the auditors of the Company must provide a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the Non-Exempt Continuing Connected Transactions with CNPC:
  - (1) have not been approved by the Board;
  - (2) were not, in all material respects, in accordance with the pricing policies of the Company;
  - (3) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
  - (4) have exceeded the proposed annual caps.
- (c) the Company must allow, and ensure that the counterparties to the Non-Exempt Continuing Connected Transactions with CNPC allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Non-Exempt Continuing Connected Transactions with CNPC; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of (a) the internal control measures adopted by the Group which ensure the Non-Exempt Continuing Connected Transactions with CNPC are conducted on terms no less favourable to the Group than those between the Group and Independent Third Parties and our review of the Government-

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## LETTER FROM SOMERLEY

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Prescribed Pricing Samples, the Market-Oriented Pricing Samples and the Deposit Samples, in which the terms are in accordance with the agreements governing them and the prices were no less favorable to the Group than those with Independent Third Parties and/or the then government-prescribed price or the prevailing market price for the same or similar products/services; and (b) the reporting requirements attached to the transactions under the Listing Rules, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the transactions and the respective proposed annual caps not being exceeded, we are of the view that appropriate and effective internal control measures will be in place to govern the conduct of the Non-Exempt Continuing Connected Transactions with CNPC and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

### OPINION AND RECOMMENDATION

Having considered the principal factors and reasons set out above, we are of the view that the terms of the Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions (including the respective annual caps) are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Non-Exempt Continuing Connected Transactions with CNPC and the Additional Continuing Connected Transactions and the adoption of the respective annual caps.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**

**Calvin Leung**  
*Director*

*Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 21 years of experience in the corporate finance industry.*

## BASIC INFORMATION OF THE GUARANTEED PARTIES

Unit: RMB10,000

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
1	Joint Venture «Eastern Gas Pipeline» Limited Liability Company	The Company's controlled subsidiary, newly established company	/	Tashkent	No legal representative. The authority of this Company is the general meeting	Construction and operation of natural gas pipelines	/	/	/	/	/	/
2	Great-Renewal Investment Limited	The Company's controlled subsidiary, holding 100.00% of equity interest. Foresight Energy Investment Company Limited holds 100% of equity interest in the guaranteed party; PetroChina International Investment Company Limited holds 100% of equity interest in Foresight Energy Investment Company Limited; the Company holds 100% of equity interest in PetroChina International Investment Company Limited	100%	Dubai	Zhang Yu	Investment in petroleum and natural gas projects	27.00	0.00	27.00	0.00	0.00	0.00
3	Trans-Tajik Gas Pipeline Company Limited	The Company's controlled subsidiary, holding 25.00% of its equity interest. Trans-Asia Pipeline (Hong Kong) Company Limited holds 50% of its equity interest; <u>Trans-Asia International Pipeline Company Limited</u> holds 100% of equity interest in Trans-Asia Pipeline (Hong Kong) Company Limited; Tianjin Taipu Gas Pipeline Company Limited and <u>CNPC Exploration and Development Company Limited</u> respectively hold 10%	50% / 50% / 25%	Hong Kong	No legal representative. Directors are Han Jianqiang, Huang Hongxing, Chen Siqi, Bobozoda Bakhtiyor Safar, Rahimzoda Olimjon Abdurahmon	Construction and operation of natural gas pipelines	63,477.79	1,029.38	62,448.41	0.00	-1,477.23	1.62

## APPENDIX I

BASIC INFORMATION OF THE GUARANTEED PARTIES UNDER THE GUARANTEE SCHEME FOR THE  
YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
		and 90% of equity interest in Trans-Asia International Pipeline Company Limited; CNPC Exploration and Development Company Limited holds 100% of equity interest in Tianjin Taipu Gas Pipeline Company Limited; <u>the Company</u> holds 50% of equity interest in CNPC Exploration and Development Company Limited.										
4	Trans-Kyrgyz Gas Pipeline Company Limited	The Company's controlled subsidiary, holding 50.00% of its equity interest. Trans-Asia Pipeline (Hong Kong) Company Limited holds 100% of its equity interest; <u>Trans-Asia International Pipeline Company Limited</u> holds 100% of equity interest in Trans-Asia Pipeline (Hong Kong) Company Limited; Tianjin Taipu Gas Pipeline Company Limited and CNPC Exploration and Development Company Limited respectively hold 10% and 90% of equity interest in Trans-Asia International Pipeline Company Limited; CNPC Exploration and Development Company Limited holds 100% of equity interest in Tianjin Taipu Gas Pipeline Company Limited; <u>the Company</u> holds 50% of equity interest in CNPC Exploration and Development Company Limited.	100% / 100% / 50%	Hong Kong	No legal representative. Directors are Han Jianqiang, Xiao Bin, Ma Jun	Construction and operation of natural gas pipelines	32,307.99	1,240.36	31,067.63	-	-445.26	3.84
5	PetroChina Kitimat LNG Partnership	The Company's controlled subsidiary, holding 100.00% of its equity interest. 2163906 Alberta Ltd. and PetroChina	100%	Calgary City	Liu Zhiyong	Exploration and development of natural gas,	2,421,132.23	100,440.16	2,320,692.06	117,470.29	8,453.81	4.15

## APPENDIX I

BASIC INFORMATION OF THE GUARANTEED PARTIES UNDER THE GUARANTEE SCHEME FOR THE  
YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
		Canada Ltd. respectively hold 0.01% and 99.99% of equity interest in PetroChina Kitimat LNG Partnership; PetroChina Canada Ltd. holds 100% of equity interest in 2163906 Alberta Ltd.; PetroChina Investment (Hong Kong) Limited holds 100% of equity interest in PetroChina Canada Ltd.; PetroChina International Investment Company Limited holds 100% of equity interest in PetroChina Investment (Hong Kong) Limited; <u>the Company</u> holds 100% of equity interest in PetroChina International Investment Company Limited.				storage, transportation and sales of oil and gas, etc.						
6	CNPC PERU S.A.	The Company's controlled subsidiary, holding 50.00% of its equity interest. <u>CNPC E&amp;D Holdings Cooperatief U.A.</u> and <u>CNODC International Holding Ltd.</u> respectively hold 99.9% and 0.1% of its equity interest; <u>CNPC Exploration and Development Company Limited</u> and <u>CNODC International Holding Ltd.</u> respectively hold 99.99% and 0.01% of equity interest in <u>CNPC E&amp;D Holdings Cooperatief U.A.</u> ; <u>CNPC Exploration and Development Company Limited</u> holds 100% of equity interest in <u>CNODC International Holding Ltd.</u> ; the Company holds 50% of equity interest in <u>CNPC Exploration and Development Company Limited</u> .	99.9% / 0.11% / 100%	Lima	Wan Guangfeng	Development and production of oil and gas	963,526.34	100,382.40	863,143.94	239,404.36	68,889.68	10.42
7	PetroChina International	The Company's controlled subsidiary, holding 100.00% of	100%	Rotterdam	Zeng Xianfeng	Trading business	127,568.34	17,265.84	6,425.92	377,641.21	2,387.62	13.53

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YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
	(Netherlands) Company B.V.	its equity interest. PetroChina International (London) Co., Limited holds 100% of its equity interest; <u>PetroChina International Co., Ltd.</u> holds 100% of equity interest in PetroChina International (London) Co., Limited; the Company holds 100% of equity interest in PetroChina International Co., Ltd.										
8	PetroChina International (Brazil) Trading Ltda.	The Company's controlled subsidiary, holding 100.00% of its equity interest. PetroChina International (America) Corporation Limited holds 68% of its equity interest; PetroChina International (Canada) Corporation Limited holds 32% of its equity interest; PetroChina International (America) Corporation Limited holds 100% of equity interest in PetroChina International (Canada) Corporation Limited; <u>PetroChina International Co., Ltd.</u> holds 100% of equity interest in PetroChina International (America) Corporation Limited; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	100%	Rio de Janeiro	Liu Pengjun	Trading business	16,001.11	2,865.69	13,135.41	475,510.12	5,681.26	17.91
9	Mazoon Petrogas (BVI) Limited	The Company's controlled subsidiary, holding 52.19% of its equity interest. Rolly Company Limited holds 50% of its equity interest; CNODC International Holding Ltd. holds 100% of equity interest in Rolly Company Limited; <u>CNPC Exploration and Development Company</u>	50% / 50%	British Virgin Islands	Xie Mao, Xu Bing, Wang Quan	Investment in petroleum and natural gas mineral resources and technical services, etc.	183,118.28	79,453.13	103,665.16	270,641.43	35,191.80	43.39

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YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
		<u>Limited</u> holds 100% of equity interest in CNODC International Holding Ltd.; the Company holds 50% of equity interest in CNPC Exploration and Development Company Limited. Bestcode Company Limited holds 50% of the equity in the guaranteed party. <u>Kunlun Energy Company Limited</u> holds 100% of the equity in Bestcode Company Limited. PetroChina Hong Kong Limited holds 54.38% of the equity in Kunlun Energy Company Limited. The Company holds 100% of the equity in PetroChina Hong Kong Limited.										
10	PetroChina International (Singapore) Pte. Ltd.	The Company's controlled subsidiary, holding 100.00% of its equity interest. <u>PetroChina International Co., Ltd.</u> holds 100% of its equity interest; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	100%	Singapore	Sun Jinhua	Trading business	7,786,345.71	3,497,341.20	4,289,004.51	25,243,807.78	437,694.90	44.92
11	PetroChina International (London) Co., Limited	The Company's controlled subsidiary, holding 100.00% of its equity interest. <u>PetroChina International Co., Ltd.</u> holds 100% of its equity interest; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	100%	London	He Jiang	Trading business	2,104,154.31	1,144,079.15	960,075.15	12,970,857.28	78,100.17	54.37
12	PetroChina International (Middle East) Company Limited	The Company's controlled subsidiary, holding 100.00% of its equity interest. <u>PetroChina International Co., Ltd.</u> holds 100% of its equity interest; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	100%	Dubai	Hu Weiqiang	Trading business	199,772.97	131,585.41	68,187.56	1,525,251.20	2,491.75	65.87

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BASIC INFORMATION OF THE GUARANTEED PARTIES UNDER THE GUARANTEE SCHEME FOR THE  
YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
13	PetroChina International Investment(Australia) Pty. Ltd.	The Company's controlled subsidiary, holding 100.00% of its equity interest. Forever Glowing International Pte. Ltd. holds 100% of its equity interest; PetroChina International Investment Company Limited holds 100% of equity interest in Forever Glowing International Pte. Ltd.; <u>the Company</u> holds 100% of equity interest in PetroChina International Investment Company Limited.	100%	Brisbane	Tong Xinmiao	Exploration and development of petroleum and natural gas	1,144,615.87	844,704.37	299,911.50	1,915.27	4,165.47	73.80
14	China Natural Gas Corporation Limited	The Company's controlled subsidiary, holding 42.35% of its equity interest. <u>Kunlun Energy Company Limited</u> holds 77.88% of its equity interest; PetroChina Hong Kong Limited holds 54.38% of equity interest in Kunlun Energy Company Limited; the Company holds 100% of equity interest in PetroChina Hong Kong Limited.	77.88%	Chengdu City	Jiao Xingyong	Subcontracting technology business for petroleum and natural gas exploration and development (excluding petroleum and natural gas exploration and development) and gas production and sales; wholesale and retail of commodities	1,214,851.26	931,350.43	283,500.83	9,939.59	-8,563.18	76.66
15	PetroChina International (Canada) Trading Ltd.	The Company's controlled subsidiary, holding 100.00% of its equity interest. PetroChina International (America) Corporation Limited holds 100% of its equity interest; <u>PetroChina International Co., Ltd.</u> holds 100% of equity interest in PetroChina	100%	Calgary	Zhang Jingjian	Trading business	433,278.40	372,195.36	61,083.04	4,906,477.29	18,979.69	85.90

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YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
		International (America) Corporation Limited; the Company holds 100% of equity interest in PetroChina International Co., Ltd.										
16	Petroineos Trading Limited	The Company's controlled subsidiary, holding 50.10% of its equity interest. PetroChina International (London) Co., Limited holds 50.1% of its equity interest; PetroChina International Co., Ltd. holds 100% of equity interest in PetroChina International (London) Co., Limited; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	50.10%	Bailiwick of Jersey	He Jiang	Trading business	3,536,209.24	3,191,148.30	345,060.94	17,858,490.84	-94,366.75	90.24
17	PetroChina International (America), Inc.	The Company's controlled subsidiary, holding 100.00% of its equity interest. PetroChina International Co., Ltd. holds 100% of its equity interest; the Company holds 100% of equity interest in PetroChina International Co., Ltd.	100%	Houston	Liu Qiang	Trading business	1,828,318.33	1,660,337.22	167,981.11	14,864,108.97	238,613.64	90.81
18	Trans-Asia Pipeline (Hong Kong) Company Limited	The Company's controlled subsidiary, holding 50.00% of its equity interest. Trans-Asia International Pipeline Company Limited holds 100% of its equity interest; Tianjin Taipu Gas Pipeline Company Limited and CNPC Exploration and Development Company Limited respectively hold 10% and 90% of equity interest in Trans-Asia International Pipeline Company Limited; CNPC Exploration and Development Company Limited holds 100% of equity interest in Tianjin Taipu Gas	100% / 100% / 50%	Hong Kong	No legal representative. Directors are: Zhong Fan, Jin Qingguo, Gong Changli, Han Jianqiang, Zhang Peng, Liu Guihua	Financing, design, construction and operation of natural gas pipelines, natural gas transportation, project management and investment, etc.	159,165.97	158,100.69	1,065.28	0.00	-8,369.88	99.33

## APPENDIX I

BASIC INFORMATION OF THE GUARANTEED PARTIES UNDER THE GUARANTEE SCHEME FOR THE  
YEAR 2026

No.	Name of guaranteed parties	Relationship between the Company and the guaranteed party (the underline entities are the guarantors)	The guarantor's shareholding percentage in the guaranteed parties	Registered place	Legal representative	Business scope	As at/for the year ended 31 December 2025					
							Total assets	Total liabilities	Net assets	Revenue	Profit	Debt-to-asset (%)
		Pipeline Company Limited; <u>the Company</u> holds 50% of equity interest in CNPC Exploration and Development Company Limited.										
19	PetroChina Investment (Hong Kong) Limited	The Company's controlled subsidiary, holding 100.00% of its equity interest. PetroChina International Investment Company Limited holds 100% of its equity interest; <u>the Company</u> holds 100% of equity interest in PetroChina International Investment Company Limited.	100%	Hong Kong	Directors are: Teng Qiti, Ge Fenghua, Hao Rong	M&A, management and investment of equity	12,629,409.31	17,653,118.54	-5,023,709.23	120.60	-222,052.91	139.78
20	PetroChina Canada Ltd.	The Company's controlled subsidiary, holding 100.00% of its equity interest. PetroChina Investment (Hong Kong) Limited holds 100% of its equity interest; PetroChina International Investment Company Limited holds 100% of equity interest in PetroChina Investment (Hong Kong) Limited; <u>the Company</u> holds 100% of equity interest in PetroChina International Investment Company Limited.	100%	Calgary	Liu Zhiyong	Exploration and development of petroleum and natural gas	3,692,752.90	7,155,148.27	-3,462,395.37	592,564.41	323,116.36	193.76

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HKEx Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS AND CONFIRMATION

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had an interest and short positions in the shares, underlying shares and debentures of the Company or an associated corporation.

As at the Latest Practicable Date:

- (a) no Director or chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange;
- (b) apart from Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are deemed as connected directors of the Company by virtue of their positions in CNPC who abstained from voting at the board meeting held on 27 March 2026 in respect of the Continuing Connected Transactions, none of other Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and significant in relation to the business of the Group;
- (c) apart from Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are deemed as connected directors of the Company by virtue of their positions in CNPC who abstained from voting at the board meeting held on 27 March 2026 in respect of the Continuing Connected Transactions, none of other Directors or proposed Director had any direct or indirect interest in any assets which have been, since 31 December 2025, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) except for Mr. Dai Houliang, Mr. Zhou Xinhuai, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are concurrently serving as a director and/or senior management of CNPC, to the best of the Directors' knowledge, none of our Directors, proposed Director or any of their close associates had any interest in a business which competes or is likely to compete, directly or indirectly, with the Group's business;
- (e) the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2025, the date to which the latest published audited financial statements of the Company were made up; and
- (f) none of the Directors had entered or proposed to enter into any service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, as far as is known to the Directors and the chief executive of the Company, the following persons have an interest or short position in the shares or underlying shares of the Company which

would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings:

Name of shareholders	Nature of share holding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
	A Shares	150,583,363,267 (L)	Beneficial Owner	93.00	82.28
CNPC	H Shares	399,472,000 (L) <sup>(1)</sup>	Interest of Corporation Controlled by the Substantial Shareholder	1.89	0.22
		1,320,697,202 (L)	Interest of Corporation Controlled by the Substantial Shareholder	6.26	0.72
BlackRock, Inc.	H Shares	4,202,000 (S)	Interest of Corporation Controlled by the Substantial Shareholder	0.02	0.01
		1,055,879,513 (L)	Beneficial owner /	5.00	0.58
		139,989,818 (S)	Investment manager	0.66	0.08
JPMorgan Chase & Co.	H Shares	493,409,904 (P)	/ Person having a security interest in shares / Approved lending agent	2.33	0.27

(L) - Long position; (S) – Short position; (P) – Lending pool.

Notes:

- (1) 399,472,000 H shares (long position) were held by Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Limited.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings.

Except for Mr. Dai Houliang, Mr. Zhou Xinhui, Mr. Duan Liangwei, Mr. Zhou Song, Mr. Ren Lixin, Mr. Xie Jun, Mr. Zhang Daowei and Mr. Song Dayong, who are concurrently directors and/or employees of CNPC, as of the Latest Practicable Date, no other Director, Supervisor or proposed Director acted as director or employee of any Shareholder of the Company nor director or employee of the company having any interests or short position in the Shares or underlying Shares of the Company or otherwise was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

#### 4. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Names	Qualification
Somerley Capital Limited	a licensed corporation carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司)

- (a) Each of Somerley Capital Limited and Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司) is not beneficially interested in the share capital of any member of the Group and none of them has any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) Each of Somerley Capital Limited and Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司) has given and has not withdrawn its written consent to the issue of this circular with inclusion of its opinions and letters, as the case may be, and the reference to its name included herein in the form and context in which they respectively appear.
- (c) As at the Latest Practicable Date, each of Somerley Capital Limited and Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司) did not have any direct or indirect interest in any assets which have been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 5. GENERAL

- (a) The registered office of the Company is located at 16 Andelu, Dongcheng District, Beijing, the PRC, and the headquarters of the Company is located at No. 9 Dongzhimen North Street, Dongcheng District, Beijing, the PRC.
- (b) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of inconsistency, the Chinese language text of this circular shall prevail.

## 6. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.petrochina.com.cn](http://www.petrochina.com.cn)) for a period of 14 days from the date of this circular (inclusive):

- (a) the New Comprehensive Agreement, the confirmation letters to the Land Use Rights Leasing Contract and the 2017 Buildings Leasing Contract and the New Financial Services Agreement mentioned in this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 49 to 50 of this circular;
- (c) the letter issued by the Somerley Capital Limited on 23 April 2026, the text of which is set out on pages 51 to 77 of this circular;
- (d) the letter issued by Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司) on 20 March 2026 in respect of rental of lands and buildings of CNPC by the Group; and
- (e) the written consents of Somerley Capital Limited and Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司) referred to in paragraph headed "4. Experts' Qualifications and Consents" in this appendix.



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

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 857)

NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025

**NOTICE IS HEREBY GIVEN** that an annual general meeting of PetroChina Company Limited (the “**Company**”) for the year 2025 will be held at V-Continent Wuzhou Hotel, No. 8 North 4th Circle Middle Road, Chaoyang District, Beijing, the PRC on Tuesday, 9 June 2026 at 9 a.m. to consider, approve and authorize the following matters:

**ORDINARY RESOLUTIONS**

To consider and, if thought fit, to pass the following as ordinary resolutions:

*By way of non-cumulative voting:*

1. To consider and approve the resolution regarding the report of the board of directors of the Company (the “**Board**”) for the year 2025.
2. To consider and approve the resolution regarding the financial report of the Company for the year 2025.
3. To consider and approve the resolution regarding the profit distribution plan of the Company for the year 2025.
4. To consider and approve the resolution regarding the authorization to the Board to determine the 2026 interim profit distribution plan of the Company.

**SPECIAL RESOLUTIONS**

To consider and, if thought fit, to pass the following as special resolutions:

*By way of non-cumulative voting:*

5. To consider and approve the unconditional granting of a general mandate to the Board to issue debt financing instruments of the Company:

“**THAT:**

- (a) the Board be and is hereby granted an unconditional general mandate to determine and deal with the issue of debt financing instruments of the Company in outstanding balance amount of up to RMB50 billion (or if issued in foreign currency, equivalent to the middle exchange rate announced by the People's Bank of China on the date of issue), upon such terms and conditions to be determined by the Board;
- (b) the Board be and is hereby authorized to determine the category, specific types, specific terms, conditions and other matters in respect of the issue of such instruments, including but not limited

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## NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025

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to the issue size, actual total amount, currency, issue methods, issue prices, coupon rates or methods of determining the coupon rates, venue of issuance, timing of issuance, term of issuance, whether to issue in tranches and the number of tranches, whether any terms for repurchase and redemption will be in place and detailed arrangements, rating arrangements, guarantee, schedule of repayment of the principal and the interests, specific arrangements in relation to use of proceeds as approved by the general meeting, specific placing arrangements and underwriting arrangements;

- (c) the Board be and is hereby authorized to take actions and steps as it may consider necessary or supplementary in connection with the issue of such debt financing instruments (including but not limited to engaging professional agencies, handling issues on approval, registration, filing and other procedures in connection with the issue from the relevant authorities on behalf of the Company, signing all necessary legal documents for the issue, appointing the bond trustee in connection with the issue, determining the rules for meetings of the bond holders and handling other relevant issues on issue and trading activities);
- (d) where the Board has already taken actions and steps with respect to the issue of such debt financing instruments, such actions and steps be and are hereby approved, confirmed and ratified;
- (e) the Board be and is hereby authorized to make corresponding changes to the plan of such issuance based on opinions of the regulatory authorities or the market conditions by then in accordance with the authorization granted at the general meeting when there is any change on the policies or when there are changes on the market conditions, save for issues which are subject to further approval at the general meeting as required by the relevant laws, regulations and the Articles of Association;
- (f) the Board be and is hereby authorized to determine and deal with relevant issues in connection with the listing of such debt financing instruments after the issue of such debt financing instruments;
- (g) in the event the Company issues such instrument and would expect to fail to pay the principal or coupon interests of such instrument on schedule or fail to pay the principal and coupon interests on the due date during the subsistence of such instrument, the Board shall be authorized to determine not to distribute profits to the shareholders of the Company as protection measures for repayment of debts as required under the relevant laws and regulations;
- (h) the Board be and is hereby authorized to further authorize the chairman of the Board and/or a Director designated by the chairman of the Board to exercise all such power granted to the Board by reference to the specific needs of the Company and other market conditions, subject to the approval and authorization of sub-paragraphs (b) to (g) of this resolution at the annual general meeting;
- (i) for the purpose of information disclosure, the secretary to the Board is authorized to approve, sign and deliver relevant announcements, notice of the general meeting, circulars and other documents pursuant to the applicable listing rules of the stock exchanges on which the shares of the Company are listed;
- (j) the period of the issuance of debt financing instruments commences from the passing of the mandate at this annual general meeting and ends on the 2026 annual general meeting of the Company.”

### ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following as ordinary resolutions:

*By way of non-cumulative voting:*

6. To consider and approve the resolution regarding the guarantee scheme of the Company for the year 2026.

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## NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025

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7. To consider and approve the appointment of KPMG Huazhen LLP and KPMG as the domestic and international auditors of the Company for the year 2026 and to authorize the Board to determine their remuneration.

8. To consider and approve the following resolution in respect of continuing connected transactions:

"**THAT**, as set out in the circular dated 23 April 2026 issued by the Company to its shareholders (the "**Circular**"): the new comprehensive agreement entered into between the Company and China National Petroleum Corporation (中國石油天然氣集團有限公司) on 27 March 2026 (the "**New Comprehensive Agreement**") be and is hereby approved, ratified and confirmed; and the chief financial officer of the Company be and is hereby authorized to make any amendment to the New Comprehensive Agreement as he/she thinks desirable and necessary and to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such transaction; and the non-exempted continuing connected transactions under the New Comprehensive Agreement and their proposed annual caps, which will be in the ordinary and usual course of business of the Company and its subsidiaries, as the case may be, and to be conducted on normal commercial terms, be and are hereby approved."

9. To consider and approve the following resolution in respect of continuing connected transactions:

"**THAT**, as set out in the Circular: the new financial services agreement entered into between the Company and China Petroleum Finance Company Limited (中油財務有限責任公司) on 27 March 2026 (the "**New Financial Services Agreement**") be and is hereby approved, ratified and confirmed; and the chief financial officer of the Company be and is hereby authorized to make any amendment to the New Financial Services Agreement as he/she thinks desirable and necessary and to do all such further acts and things and execute such further documents and take all such steps which in his/her opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such transaction; and the transactions under the New Financial Services Agreement and their proposed annual caps, which will be in the ordinary and usual course of business of the Company and its subsidiaries, as the case may be, and to be conducted on normal commercial terms, be and are hereby approved."

*By way of cumulative voting:*

10. The resolutions regarding the election of the Company's Directors:

- 10.1 To consider and approve the resolution regarding the election of Mr. Dai Houliang as the Company's Director.
- 10.2 To consider and approve the resolution regarding the election of Mr. Zhou Xinhui as the Company's Director.
- 10.3 To consider and approve the resolution regarding the election of Mr. Duan Liangwei as the Company's Director.
- 10.4 To consider and approve the resolution regarding the election of Mr. Zhou Song as the Company's Director.
- 10.5 To consider and approve the resolution regarding the election of Mr. Ren Lixin as the Company's Director.
- 10.6 To consider and approve the resolution regarding the election of Mr. Xie Jun as the Company's Director.
- 10.7 To consider and approve the resolution regarding the election of Mr. Zhang Daowei as the Company's Director.

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## NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025

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- 10.8 To consider and approve the resolution regarding the election of Mr. Song Dayong as the Company's Director.
11. The resolutions regarding the election of the Company's independent non-executive Directors:
- 11.1 To consider and approve the resolution regarding the election of Mr. Ho Kevin King Lun as the Company's independent non-executive Director.
- 11.2 To consider and approve the resolution regarding the election of Mr. Yan, Andrew Y as the Company's independent non-executive Director.
- 11.3 To consider and approve the resolution regarding the election of Ms. Liu Xiaolei as the Company's independent non-executive Director.
- 11.4 To consider and approve the resolution regarding the election of Mr. Zhang Yuxin as the Company's independent non-executive Director.
- 11.5 To consider and approve the resolution regarding the election of Mr. Ng Kar Ling Johnny as the Company's independent non-executive Director.

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

Beijing, the PRC  
23 April 2026

*Notes:*

- Important: You should first review the 2025 annual report of the Company before appointing a proxy. The 2025 annual report will include the ordinary resolutions 1 to 3 above for review by the shareholders.**
- The register of members of H shares of the Company will be closed from Thursday, 4 June 2026 to Tuesday, 9 June 2026 (both days inclusive), during which time no share transfers of H shares will be effected. In order to qualify for attending and voting at the annual general meeting of the Company, holders of H shares must lodge all transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration at or before 4:30 p.m. on Wednesday, 3 June 2026. Holders of the Company's H shares whose names appear on the register of members of the Company on Monday, 8 June 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the annual general meeting of the Company.  
  
The address of the share registrar of the Company's H Shares is:  
  
Computershare Hong Kong Investor Services Limited  
Shops 1712–1716,  
17/F, Hopewell Centre,  
183 Queen's Road East,  
Wanchai,  
Hong Kong
- Each shareholder who is entitled to attend and vote at the annual general meeting of the Company may appoint one or more proxies to attend and vote on his/her/its behalf at the annual general meeting of the Company. A proxy need not be a shareholder. Each shareholder who wishes to appoint one or more proxies should first review the 2025 annual report of the Company.

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## NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2025

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4. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
5. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal person, either under seal or under the hand of a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign or other document of authorization must be notarized. To be valid, for holders of A Shares, the notarized power of attorney or other document of authorization, and the proxy form must be delivered to the Board of Directors Office (Address: Room 0612, Block C, PetroChina Building, No.9 Dongzhimen North Street, Dongcheng District, Beijing, the PRC (Postal code: 100007)) not less than 24 hours before the time appointed for the holding of the annual general meeting of the Company for the year 2025 (i.e., by no later than 9 a.m. on Monday, 8 June 2026) personally, by mail, by email (ir@petrochina.com.cn) or by fax (fax number: (8610) 6209 9557). To be valid, for holders of H shares, the above documents must be delivered to Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) within the same period.
6. The completed and signed reply slip accompanying each notice of annual general meeting of the Company should be delivered to Board of Directors Office for holders of A shares at Room 0612, Block C, PetroChina Building, No.9 Dongzhimen North Street, Dongcheng District, Beijing, the PRC (Postal code: 100007) on or before 4:30 p.m. on Tuesday, 19 May 2026 personally, by mail, by email (ir@petrochina.com.cn) or by fax (fax number: (8610) 6209 9557); to Computershare Hong Kong Investor Services Limited for holders of H shares at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong within the same period.
7. This annual general meeting is expected to last for half a day. Shareholders (in person or by proxy) attending this annual general meeting are responsible for their own transportation and accommodation expenses.
8. The address of the Board of Directors Office is as follows:  
  
Room 0612, Block C, PetroChina Building  
No.9 Dongzhimen North Street,  
Dongcheng District, Beijing, the PRC  
Postal code: 100007  
Tel: (8610) 5998 2622  
Fax: (8610) 6209 9557  
Email Address: ir@petrochina.com.cn
9. *As at the date of this notice, the Board comprises Mr. Dai Houliang as Chairman; Mr. Zhou Xinhuai as Vice Chairman and non-executive Director; Mr. Duan Liangwei, Mr. Zhou Song and Mr. Xie Jun as non-executive Directors; Mr. Ren Lixin, Mr. Zhang Daowei and Mr. Song Dayong as executive Directors; and Mr. Jiang, Simon X., Mr. Ho Kevin King Lun, Mr. Yan, Andrew Y, Ms. Liu Xiaolei and Mr. Zhang Yuxin as independent non-executive Directors.*