PetroChina

PETROCHINA COMPANY LIMITED

2020 INTERIM REPORT

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

Hong Kong Stock Exchange Stock Code: 857
New York Stock Exchange Symbol: PTR
Shanghai Stock Exchange Stock Code: 601857

2020

INTERIM REPORT

PETROCHINA COMPANY LIMITED

This interim report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group's current views with respect to future events and are not a guarantee for future performance, nor do these statements constitute substantial undertakings to investors by the Group. Actual results may differ from the information contained in the forward-looking statements. Investors shall be aware of the risks relating to investments.

CONTENTS

003 CORPORATE PROFILE

006 SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

009 CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

012 DIRECTORS' REPORT

032 SIGNIFICANT EVENTS

052 DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

054 RELEVANT INFORMATION ON CORPORATE BONDS

FINANCIAL STATEMENTS

060 PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS

143 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

168 DOCUMENTS AVAILABLE FOR INSPECTION

169 CONFIRMATION FROM THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

IMPORTANT NOTICE

The board of directors (the "Board" or "Board of Directors"), supervisory committee ("Supervisory Committee") and all directors ("Directors"), supervisors ("Supervisors") and senior management ("Senior Management") of PetroChina Company Limited (the "Company") warrant the truthfulness, accuracy and completeness of the information contained in this interim report and that there are no material omissions from, misrepresentation or misleading statements contained in the interim report, and severally and jointly accept full responsibility hereof. No substantial shareholder of the Company has obtained any funds from the Company from non-operating activities. This interim report was approved at the seventh meeting of the Board in 2020. Mr. Jiao Fangzheng, a non-executive Director and Mr. Simon Henry, an independent non-executive Director were absent from the seventh meeting of the Board of Directors in 2020 due to certain reasons, but had authorised Mr. Duan Liangwei, Director and President and Mr. Tokuchi Tatsuhito, an independent non-executive Director in writing to attend the meeting by proxy and to exercise his voting rights on his behalf. Mr. Dai Houliang, Chairman of the Board, Mr. Duan Liangwei, Director and President, and Mr. Chai Shouping, Chief Financial Officer, warrant the truthfulness, accuracy and completeness of the financial statements included in this interim report.

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with China Accounting Standards ("CAS") and International Financial Reporting Standards ("IFRS"), respectively. The financial statements in this interim report are unaudited.

In overall consideration of situations such as the operating results, financial position, cash flow and expected gains from pipeline assets restructuring of the Company, to provide returns to the shareholders, the Board has resolved to declare an interim dividend of RMB0.08742 yuan per share (inclusive of applicable tax) for 2020 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2020. The total amount of the interim dividends payable is RMB16,000 million.

CORPORATE PROFILE

The Company was established as a joint stock company with limited liability under the Company Law of the People's Republic of China (the "PRC" or "China") on November 5, 1999 as part of the restructuring of the China National Petroleum Corporation (the Chinese name has been changed from 中國石油天然氣集團公司 to 中國石油天然氣集團有限公司 ,the abbreviation of which is "CNPC" before and after the change of name).

The Group is the largest oil and gas producer and seller occupying a leading position in the oil and gas industry in the PRC and one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world. The Group principally engages in, among others, the exploration, development, production and sales of crude oil and natural gas; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products; the marketing and trading of refined products; and the transmission of natural gas, crude oil and refined products, and the sales of natural gas.

The American Depositary Shares (the "ADSs"), H shares and A shares of the Company were listed on the New York Stock Exchange, The Stock Exchange of Hong Kong Limited (the "HKEx" or "Hong Kong Stock Exchange") and Shanghai Stock Exchange on April 6, 2000, April 7, 2000 and November 5, 2007, respectively.

Registered Chinese Name of the Company:	中國石油天然氣股份有限公司
English Name of the Company:	PetroChina Company Limited
Legal Representative of the Company:	Dai Houliang
Secretary to the Board:	Wu Enlai
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	86 (10) 5998 2622
Facsimile:	86 (10) 6209 9557
Email Address:	sunbo05@petrochina.com.cn

Representative on Securities Matters:	Liang Gang
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	86 (10) 5998 6959
Facsimile:	86 (10) 6209 9559
Email Address:	liangg@petrochina.com.cn
Chief Representative of Hong Kong Representative Office:	Wei Fang
Address:	Suite 3705, Tower 2, Lippo Centre 89 Queensway, Hong Kong
Telephone:	(852) 2899 2010
Facsimile:	(852) 2899 2390
Email Address:	hko@petrochina.com.hk
Legal Address of the Company:	16 Andelu Dongcheng District Beijing, PRC
Postal Code:	100011
Office Address of the Company:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Postal Code:	100007
Website:	http://www.petrochina.com.cn
Company's Email Address:	sunbo05@petrochina.com.cn

Newspapers for information disclosure:
A shares: China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website publishing this interim report designated by the China Securities Regulatory Commission:
http://www.sse.com.cn

Copies of this interim report are available at:	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC

Places of Listing:	
A shares:	Shanghai Stock Exchange
Stock Name:	PetroChina
Stock Code:	601857
H shares:	Hong Kong Stock Exchange
Stock Name:	PETROCHINA
Stock Code:	857
ADSs:	The New York Stock Exchange
Symbol:	PTR

Other Related Information:

Auditors of the Company:	
Domestic Auditors:	KPMG Huazhen LLP
Address:	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
Overseas Auditors:	KPMG Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Address:	8th Floor, Prince's Building, 10 Chater Road Central, Hong Kong

SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

1. Key Financial Data and Financial Indicators Prepared under IFRS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,677,347	2,732,910	(2.0)
Equity attributable to owners of the Company	1,188,747	1,230,156	(3.4)

Items	The reporting period	Same period of the preceding year	Changes over the same period of the preceding year (%)
Revenue	929,045	1,196,259	(22.3)
Net (loss)/profit attributable to owners of the Company	(29,983)	28,423	(205.5)
Net cash flows from operating activities	79,080	134,425	(41.2)
Basic (loss)/earnings per share (RMB Yuan)	(0.164)	0.155	(205.5)
Diluted (loss)/earnings per share (RMB Yuan)	(0.164)	0.155	(205.5)
Return on net assets (%)	(2.52)	2.32	(4.84) percentage points

2. Key Financial Data and Financial Indicators Prepared under CAS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,677,624	2,733,190	(2.0)
Equity attributable to equity holders of the Company	1,189,016	1,230,428	(3.4)

Items	The reporting period	Same period of the preceding year	Changes over the same period of the preceding year (%)
Operating income	929,045	1,196,259	(22.3)
Net (loss)/profit attributable to equity holders of the Company	(29,986)	28,420	(205.5)
Net (loss)/profit after deducting non-recurring profit items attributable to equity holders of the Company	(31,790)	30,386	(204.6)
Basic (loss)/earnings per share (RMB Yuan)	(0.164)	0.155	(205.5)
Diluted (loss)/earnings per share (RMB Yuan)	(0.164)	0.155	(205.5)
Weighted average return on net assets (%)	(2.48)	2.33	(4.81) percentage points
Net cash flows from operating activities	79,080	134,425	(41.2)

3. Non-recurring Profit/Loss Items

Unit: RMB million

Non-recurring profit/loss items	For the six months ended June 30, 2020
Net losses on disposal of non-current assets	(1,447)
Government grants recognised in the income statement	198
Reversal of provisions for bad debts against receivables	16
Net profit or loss arising from disposal of the subsidiary	393
Other non-operating income and expenses	3,340
Sub-total	2,500
Tax impact of non-recurring profit/loss items	(685)
Impact of non-controlling interests	(11)
Total	1,804

4. Differences between CAS and IFRS

The consolidated net loss of the Group under IFRS and CAS were RMB23,324 million and RMB23,327 million, respectively, with a difference of RMB3 million. The consolidated shareholders' equity under IFRS and CAS were RMB1,400,395 million and RMB1,400,665 million, respectively, with a difference of RMB270 million. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties in 1999.

During the restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results on assets other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

1. Changes in Shareholdings

During the reporting period, there was no change in the total number or structure of shares of the Company arising from bonus issues or placings or otherwise.

2. Shareholdings of Substantial Shareholders

The total number of shareholders of the Company as at June 30, 2020 was 751,689, including 745,316 holders of A shares and 6,373 holders of H shares (including 151 holders of American Depositary Shares).

(1) Shareholdings of the top ten shareholders

Unit: Shares

Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding (%)	Increase/ decrease during the reporting period (+,-)	Number of shares with selling restrictions	Number of shares pledged or subject to lock-ups
CNPC	State-owned legal person	146,882,339,136 (1)	80.25	0	0	0
HKSCC Nominees Limited (2)	Overseas legal person	20,898,081,998 (3)	11.42	1,809,709	0	0
CNPC-CSC-17 CNPC E2 Pledge and Trust Special Account	State-owned legal person	3,819,980,834	2.09	-6,791	0	3,819,980,834
CNPC-CSC-17 CNPC EB Pledge and Trust Special Account	State-owned legal person	2,051,488,603	1.12	0	0	2,051,488,603
China Securities Finance Corporation Limited	State-owned legal person	1,139,138,704	0.62	0	0	0
China Baowu Steel Group Corporation Limited	State-owned legal person	624,000,000	0.34	0	0	0
China Metallurgical Group Corporation	State-owned legal person	560,000,000	0.31	0	0	0
Hong Kong Securities Clearing Company Limited(4)	Overseas legal person	274,697,556	0.15	65,020,517	0	0
Ansteel Group Corporation	State-owned legal person	220,000,000	0.12	0	0	0
Central Huijin Asset Management Ltd.	State-owned legal person	206,109,200	0.11	0	0	0

Notes:

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

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

(3) 291,518,000 H shares were indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing 0.16% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.

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

(2) Shareholdings of the top ten shareholders of shares without selling restrictions

Unit: Shares

Ranking	Name of shareholders	Number of shares held	Type of shares
1	CNPC	146,882,339,136 (1)	A shares
2	HKSCC Nominees Limited	20,898,081,998	H shares
3	CNPC-CSC-17 CNPC E2 Pledge and Trust Special Account	3,819,980,834	A shares
4	CNPC-CSC-17 CNPC EB Pledge and Trust Special Account	2,051,488,603	A shares
5	China Securities Finance Corporation Limited	1,139,138,704	A shares
6	China Baowu Steel Group Corporation Limited	624,000,000	A shares
7	China Metallurgical Group Corporation	560,000,000	A shares
8	Hong Kong Securities Clearing Company Limited	274,697,556	A shares
9	Ansteel Group Corporation	220,000,000	A shares
10	Central Huijin Asset Management Ltd.	206,109,200	A shares

Note:

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

Statement on related parties or parties acting in concert among the above-mentioned shareholders: Except for the fact that HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are subsidiaries of Hong Kong Exchanges and Clearing Limited, the Company is not aware of any connection among or between the above top ten shareholders or that they are parties acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.

(3) Disclosure of substantial shareholders under the Securities and Futures Ordinance of Hong Kong

As at June 30, 2020, so far as the Directors are aware, the persons other than a Director, Supervisor or Senior Management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance were as follows:

<table>
<tr><th>Name of shareholders</th><th>Nature of shareholding</th><th>Number of shares</th><th>Capacity</th><th>Percentage of such shares in the same class of the issued share capital (%)</th><th>Percentage of total share capital (%)</th></tr>
<tr><td rowspan="2">CNPC</td><td>A Shares</td><td>146,882,339,136 (L)</td><td>Beneficial Owner</td><td>90.71</td><td>80.25</td></tr>
<tr><td>H Shares</td><td>291,518,000 (L) (1)</td><td>Interest of Corporation Controlled by the Substantial Shareholder</td><td>1.38</td><td>0.16</td></tr>
<tr><td rowspan="2">BlackRock, Inc.(2)</td><td rowspan="2">H Shares</td><td>1,452,314,708 (L)</td><td rowspan="2">Interest of Corporation Controlled by the Substantial Shareholder</td><td>6.88</td><td>0.79</td></tr>
<tr><td>6,704,000 (S)</td><td>0.03</td><td>0.004</td></tr>
<tr><td rowspan="3">Citigroup Inc.(3)</td><td rowspan="3">H Shares</td><td>1,165,526,558 (L)</td><td rowspan="3">Interest of Corporation Controlled by the Substantial Shareholder/ Approved Lending Agent</td><td>5.52</td><td>0.64</td></tr>
<tr><td>115,848,909 (S)</td><td>0.54</td><td>0.06</td></tr>
<tr><td>1,008,925,130 (LP)</td><td>4.78</td><td>0.55</td></tr>
</table>

(L) Long position (S) Short position (LP) Lending pool

Notes:

(1) 291,518,000 H shares (long position) were held by Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Limited.

(2) BlackRock, Inc., through various subsidiaries, had an interest in the H shares of the Company, of which 1,452,314,708 H shares (long position) and 6,704,000 H Shares (short position) were held in the capacity as interest of corporation controlled by the substantial shareholder.

(3) Citigroup Inc., through various subsidiaries, had an interest in the H shares of the Company, of which 156,601,428 H shares (long position) and 115,848,909 H Shares (short position) were held in its capacity as interest in corporation controlled by the substantial shareholder, and 1,008,925,130 H shares (long position) were held in its capacity as approved lending agent.

As at June 30, 2020, so far as the Directors are aware, save for disclosed above, no person (other than a Director, Supervisor or Senior Management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

3. Information on Changes of Controlling Shareholder and the De Facto Controller

There was no change in the controlling shareholder or the de facto controller of the Company during the reporting period.

DIRECTORS' REPORT

The Board is pleased to present its directors' report:

1. Review of Results of Operations

In the first half of 2020, the Coronavirus Disease 2019 ("COVID-19") had a tremendous impact on the global economy, and major economies of the world experienced recessions to varying degrees; China's economy has also been hit significantly. In the first quarter, China's gross domestic product (GDP) decreased by 6.8% year-on-year. However, with effective control over COVID-19 in China, its economy is showing a trend of stable recovery. In the second quarter, GDP grew by 11.5% quarter-on-quarter and 3.2% year-on-year. In the first half of the year, GDP fell by 1.6% year-on-year. Affected by the macro economy and COVID-19, the supply and demand in the global oil market became even more eased up, and the average international crude oil prices significantly decreased as compared with the same period of last year.

Adversely affected by the sharp drop in international oil prices and a severe contraction of domestic oil and gas demand, the Group's production and operations have experienced unprecedented shocks and challenges. Facing the complex and severe situation, the Group engaged in a series of work in a centralized way, including promotion of COVID-19 prevention and control, resumption of work and production, production and operation, as well as reform and development. At the same time, we vigorously improved quality and profitability, strictly controlled costs and capital expenditures, and strived to reduce losses caused by COVID-19 and low oil prices, thereby maintaining overall smooth operation of the oil and gas industrial chain. Under the influence of both COVID-19 and oil prices, the Group's operating performance and free cash flow in the first half of the year dropped significantly, and by means of effective measures to improve quality and profitability, the financial position was overall stable.

(1) Market Review

• Crude Oil Market

In the first half of 2020, the spread of COVID-19 resulted in a historical decline in demand for petroleum in the world severe oversupply in the global petroleum market, and a sharp drop in international oil prices. During the period, the negotiation on production reduction among members of "Production Reduction Alliance" broke down, followed by a price war. Later, the largest production reduction agreement in history was reached, which has an important impact on the international oil price trend. In the first half of the year, the average spot price for North Sea Brent crude oil was US$39.95 per barrel, representing a decrease of 39.4% as compared with the same period of last year, and the average spot price for West Texas Intermediate ("WTI") crude oil was US$36.59 per barrel, representing a decrease of 36.3% as compared with the same period of last year.

According to data from the National Development and Reform Commission ("NDRC"), the domestic output of crude oil in the first half of 2020 was 96.50 million tons, representing an increase of 1.5% as compared with the same period of last year.

• Refined Products Market

In the first half of 2020, domestic consumption of refined products has dropped significantly, with gasoline, diesel and kerosene all showing negative growth. During this period, domestic oil refining capacity continued to grow, and the quantity of crude oil processing grew at a basically stable rate. However, the output of refined products declined, and the net export of refined products continued to grow. According to NDRC data, in the first half of 2020, the quantity of processed crude oil amounted to 312.66 million tons, representing an increase of 2.4% as compared with the same period of last year; the output of refined products amounted to 184.24 million tons, representing a decrease of 2.5% as compared with the same period of last year; the apparent consumption of refined products amounted to 153.86 million tons, representing a decrease of 6.0% as compared with the same period of last year, among which, the consumption of gasoline decreased by 3.3% and the consumption of diesel increased by 0.1%. In the first half of 2020, the PRC government made four adjustments to the prices of domestic gasoline and diesel products, and the prices of reference gasoline and diesel products decreased, in aggregate, by RMB1,730 yuan per ton and RMB1,670 yuan per ton, respectively.

- Chemical Products Market

In the first half of 2020, affected by factors such as macro economy, supply and demand, and international oil prices, the overall domestic chemical products market went downwards. Except for chemical products related to COVID-19 prevention and control, demands and prices for most chemicals dropped. Since the second quarter, with acceleration in resumption of work and production in the PRC, the chemical market demand has gradually recovered.

- Natural Gas Market

In the first half of 2020, under the influence of COVID-19 and the macroeconomic downturn, global natural gas market demand declined with an even more eased up supply and demand, while the international natural gas prices dropped across the world and liquefied natural gas ("LNG") spot prices in Europe, America and Northeast Asia hit record lows. The growth of demand for domestic natural gas slowed down and output of natural gas continued to increase relatively rapidly, while the growth of import of natural gas declined substantially. According to NDRC data, in the first half of 2020, the domestic apparent consumption of natural gas amounted to 155.6 billion cubic metres, representing an increase of 4.2% as compared with the same period of last year. The domestic natural gas output amounted to 95.0 billion cubic metres, representing an increase of 9.9% as compared with the same period of last year. The imports of natural gas amounted to 66.7 billion cubic metres, representing an increase of 3.3% as compared with the same period of last year.

(2) Business Review

- Exploration and Production

Domestic Exploration and Development Operations

In the first half of 2020, the Group continued to optimize the exploration programs, and made important discoveries and progress in risk exploration and concentrated exploration. High-yield oil and gas flow was discovered from Tarim Manshen No.1 well, representing a major breakthrough in ultra-deep oil and gas exploration in the hinterland of the basin. In addition, a batch of risk exploration wells such as Sichuan Pengtan No.1, Tarim Luntan No.1, and Junggar Shatan No.2, etc. achieved new breakthroughs and opened up a new area of oil and gas exploration. We also optimized and adjusted production capacity, and organized oil and gas development and production in a scientific way. In the first half of 2020, the crude oil output amounted to 372.7 million barrels, representing an increase of 0.8% as compared with the same period of last year. The marketable natural gas output amounted to 2,024.4 billion cubic feet, representing an increase of 10.9% as compared with the same period of last year. The oil and natural gas equivalent output amounted to 710.2 million barrels, representing an increase of 5.4% as compared with the same period of last year.

Overseas Oil and Gas Operations

In the first half of 2020, the Group's overseas oil and gas business made steady progress, and the risk exploration of the Chad project and the rolling exploration of the Kazakhstan PK project made new breakthroughs and new progress. We optimized and adjusted oil and gas field development strategies with the focus on benefits and improved profitability of new wells and operations to enhance the level of oil and gas field development. In the first half of the year, the oil and natural gas equivalent output amounted to 123.5 million barrels, representing an increase of 17.3% as compared with the same period of last year and accounting for 14.8% of the total oil and natural gas equivalent output of the Group.

In the first half of 2020, the Group recorded the crude oil output of 475.4 million barrels, representing an increase of 5.2% as compared with the same period of last year, the marketable natural gas output of 2,149.1 billion cubic feet, representing an increase of 9.4% as compared with the same period of last year, and the oil and natural gas equivalent output of 833.7 million barrels, representing an increase of 7.0% as compared with the same period of last year.

Summary of Operations of the Exploration and Production Segment

	Unit	First half of 2020	First half of 2019	Changes (%)
Crude oil output	Million barrels	475.4	451.9	5.2
Of which: Domestic	Million barrels	372.7	369.8	0.8
Overseas	Million barrels	102.7	82.1	25.1
Marketable natural gas output	Billion cubic feet	2,149.1	1,964.3	9.4
Of which: Domestic	Billion cubic feet	2,024.4	1,825.1	10.9
Overseas	Billion cubic feet	124.7	139.2	(10.4)
Oil and natural gas equivalent output	Million barrels	833.7	779.4	7.0
Of which: Domestic	Million barrels	710.2	674.1	5.4
Overseas	Million barrels	123.5	105.3	17.3

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

- Refining and Chemicals

In the first half of 2020, we steadily promoted structural adjustment in the Group's refining and chemicals business through optimizing the allocation of crude oil resources in line with changes in market demand and profitability and adjusting processing loads in a timely manner, and made great efforts to achieve "reduction of refining and increase of chemicals". We also continued to optimize product structure, adjusted diesel-gasoline ratio in a flexible way, and strived to increase production of high value-added products. In the first half of the year, 568.2 million barrels of crude oil were processed, representing a decrease of 4.9% as compared with the same period of last year; 52.085 million tons of refined products were produced, representing a decrease of 8.2% as compared with the same period of last year. The output of chemical products was 13.847 million tons, representing an increase of 9.5% over the same period of last year. The output of ethylene increased by 4.0% over the same period of last year. The output of synthetic resin and synthetic rubber increased by 3.7% and 4.7%, respectively, over the same period of last year.

In the first half of 2020, the integration project of refining and chemicals of Guangdong Petrochemical, Tarim and Changqing ethane to ethylene projects and other key projects progressed in an orderly manner.

Summary of Operations of the Refining and Chemicals Segment

	Unit	First half of 2020	First half of 2019	Changes (%)
Processed crude oil	Million barrels	568.2	597.4	(4.9)
Gasoline, kerosene and diesel output	'000 ton	52,085	56,716	(8.2)
Of which: Gasoline	'000 ton	21,931	24,588	(10.8)
Kerosene	'000 ton	4,264	6,038	(29.4)
Diesel	'000 ton	25,890	26,090	(0.8)
Refining yield	%	93.43	93.26	0.17 percentage point
Ethylene	'000 ton	3,103	2,983	4.0
Synthetic resin	'000 ton	5,024	4,845	3.7
Synthetic fibre raw materials and polymers	'000 ton	656	674	(2.7)
Synthetic rubber	'000 ton	489	467	4.7
Urea	'000 ton	948	459	106.5

Note: Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels.

- Marketing

Domestic Operations

In the first half of 2020, the Group actively took measures to address severe situation of shrinking consumption in the refined products market and high inventories, and made every effort to strengthen the connection between production and sales, and strived to ensure smooth operation and sales channel of refineries and overall stable operation of the crude oil industry chain. In addition, we actively seized favorable opportunities of resumption of work and production and spring ploughing, improved customer service quality, and, in light of the impact of COVID-19, actively launched "in the car" refuelling and "no contact" payment. Further, we increased product marketing effort, strived to increase retail sales and optimized wholesale sales, so as to improve sales efficiency.

International Trading Operations

In the first half of 2020, the Group enhanced its effort to expand overseas share of oil sales and optimized the pace of refined products exports to promote the coordination for integration of domestic and international markets.

The Group sold a total of 76.569 million tons of gasoline, kerosene and diesel in the first half of 2020, representing a decrease of 14.8% as compared with the same period of last year, among which the domestic sales of gasoline, kerosene and diesel were 48.572 million tons, representing a decrease of 15.6% as compared with the same period of last year.

- Natural Gas and Pipeline

In the first half of 2020, the Group implemented precise measures to develop the natural gas terminal

market, and significantly increased terminal sales. In line with changes in market demand, we comprehensively upgraded the "labelling" management, coordinated and optimized resource allocation and sales structure. In addition, we continued to strengthen the upgrade of pipeline safety management to ensure safe and stable operation of the oil and gas pipeline network.

2. Management Discussion and Analysis

(1) The financial data set out below is extracted from the Group's interim condensed consolidated financial statements prepared under IFRS

- Consolidated Operating Results

In the first half of 2020, the Group achieved a revenue of RMB929,045 million, representing a decrease of 22.3% as compared with the same period of last year. Net loss attributable to owners of the Company was RMB29,983 million, representing a decrease of 205.5% from the RMB28,423 million of net profit attributable to owners of the Company as compared with the same period of last year. There was a basic loss per share of RMB0.164 yuan, representing a decrease of RMB0.319 yuan as compared with a basic earnings per share of RMB0.155 yuan over the same period of last year.

Revenue Revenue decreased by 22.3% to RMB929,045 million for the first half of 2020 from RMB1,196,259 million for the first half of 2019. This was primarily due to the impact of the drop in the sales volume of refined products and natural gas as well as the decrease in the prices of oil and gas products. The table below sets out the external sales volume and average realised prices of the major products sold by the Group in the first half of 2020 and 2019 and their respective percentages of change during these periods:

	Sales Volume ('000 ton)			Average Realised Price (RMB/ton)		
	First half of 2020	First half of 2019	Percentage of change (%)	First half of 2020	First half of 2019	Percentage of change (%)
Crude oil*	85,950	65,395	31.4	1,998	3,170	(37.0)
Natural gas (100 million cubic metres, RMB/'000 cubic metres)	1,197.67	1,252.67	(4.4)	1,175	1,391	(15.5)
Gasoline	31,569	36,496	(13.5)	5,600	6,594	(15.1)
Diesel	38,437	43,285	(11.2)	4,350	5,216	(16.6)
Kerosene	6,563	10,131	(35.2)	3,133	4,254	(26.4)
Heavy oil	10,196	9,467	7.7	2,616	3,122	(16.2)
Polyethylene	2,636	2,485	6.1	6,349	7,836	(19.0)
Lubricant	569	571	(0.4)	7,534	8,299	(9.2)

*The crude oil listed above represents all the external sales volume of crude oil of the Group. The sales volume of crude oil increased as compared with the same period of last year, primarily due to the increase in the international trading volume of crude oil.

Operating Expenses Operating expenses decreased by 16.9% to RMB935,088 million for the first half of 2020 from RMB1,125,596 million for the first half of 2019, of which:

Purchases, Services and Other Purchases, services and other decreased by 21.2% to RMB627,188 million for the first half of 2020 from RMB796,103 million for the first half of 2019. This was primarily due to the reduction in the Group's purchase costs of oil and gas products.

Employee Compensation Costs Employee compensation costs (including various types of wages, various types of insurance, housing provident fund, training costs and other relevant additional costs) for the first half of 2020 were RMB60,746 million, representing a decrease of 6.6% from RMB65,028 million for the first half of 2019. This was primarily due to the reinforcement of linkage between the employee's remuneration and operating results.

Exploration Expenses Exploration expenses decreased by 13.8% to RMB10,569 million for the first half of 2020 from RMB12,267 million for the first half of 2019. This was primarily due to the fact that the Group controlled its exploration expenses by optimising its exploration plan based on the change in oil prices.

Depreciation, Depletion and Amortisation Depreciation, depletion and amortisation increased by 5.3% to RMB114,388 million for the first half of 2020 from RMB108,607 million for the first half of 2019. This was primarily due to the change in the volume of oil and gas reserves caused by the drop in oil price, which resulted in increasing the depreciation and depletion of the Group's oil and gas assets.

Selling, General and Administrative Expenses Selling, general and administrative expenses decreased by 8.6% to RMB29,883 million for the first half of 2020 from RMB32,695 million for the first half of 2019. This was primarily due to the vigorous advancement of the quality and profitability improvement and the continuous effort in controlling the non-production costs by the Group.

Taxes other than Income Taxes Taxes other than income taxes decreased by 12.5% to RMB98,931 million for the first half of 2020 from RMB113,088 million for the first half of 2019, of which the consumption tax decreased by RMB7,760 million from RMB81,137 million for the first half of 2019 to RMB73,377 million for the first half of 2020; the resource tax decreased by RMB2,695 million from RMB12,088 million for the first half of 2019 to RMB9,393 million for the first half of 2020; the crude oil special gain levy decreased by RMB621 million from RMB799 million for the first half of 2019 to RMB178 million for the first half of 2020.

Other Income, Net Other income, net of the Group for the first half of 2020 was RMB6,617 million, representing an increase of RMB4,425 million from RMB2,192 million for the first half of 2019. This was primarily due to the combined effect from the increase in the gains on asset disposal and the change in asset retirement obligation, etc.

(Loss)/Profit from Operations There was a loss from operations of RMB6,043 million for the Group in the first half of 2020, representing a decrease of 108.6% from the profit from operation of RMB70,663 million for the first half of 2019.

Net Exchange Gain/(Loss) Net exchange gain of the Group for the first half of 2020 was RMB443 million while net exchange loss for the first half of 2019 was RMB290 million. This was mainly due to the change of average exchange rate of US dollar against Renminbi.

Net Interest Expense Net interest expense increased by 1.4% to RMB13,490 million for the first half of 2020 from RMB13,304 million for the first half of 2019. This was mainly due to decrease in the balance of deposits with a higher interest rate, including those with a tenor of one year or above, as compared to the same period last year, which in turn led to a reduction of interest income.

(Loss)/Profit before Income Tax Expense Loss before income tax expense was RMB18,520 million for the Group in the first half of 2020, representing a decrease of 130.0% from the profit before income tax expense of RMB61,776 million for the first half of 2019.

Income Tax Expense Income tax expense decreased by 78.8% to RMB4,804 million for the first half of 2020 from RMB22,638 million for the first half of 2019. This was primarily due to a drastic decrease in the profit before income tax expenses of the Group.

(Loss)/Profit for the period Net loss amounted to RMB23,324 million for the Group in the first half of 2020, representing a decrease of 159.6% from net profit of RMB39,138 million for the first half of 2019.

Profit attributable to non-controlling interests Profit attributable to non-controlling interests was RMB6,659 million for the first half of 2020, representing a decrease of 37.9% from RMB10,715 million for the first half of 2019. This was primarily due to the significant decrease in the profits of the subsidiaries of the Group over the same period last year.

(Loss)/Profit attributable to owners of the Company Loss attributable to owners of the Company amounting to RMB29,983 million for the first half of 2020, representing a decrease of 205.5% from the profit attributable to owners of the Company of RMB28,423 million for the first half of 2019.

• Segment Results

Exploration and Production

Revenue The revenue of the Exploration and Production segment for the first half of 2020 was

RMB255,450 million, representing a decrease of 21.7% from RMB326,339 million for the first half of 2019. This was primarily due to the decrease in the sales volume, and also a reduction in the prices, of oil and gas products such as crude oil and natural gas. For the first half of 2020, the oil imported from countries such as Russia and Kazakhstan by the Group amounted to 17.98 million tons, representing a decrease of 9.4% from 19.85 million tons for the first half of 2019. The revenue from the sales of imported oil from Russia and Kazakhstan was RMB39,830 million for the first half of 2020, representing a decrease of 39.5% from RMB65,813 million for the first half of 2019. In the first half of 2020, the average realised crude oil price was US$39.02 per barrel, representing a decrease of 37.9% from US$62.85 per barrel for the first half of 2019, and the average realised crude oil price decreased by 35.6% as compared to the same period of last year after excluding the effects of exchange rates.

Operating Expenses Operating expenses of the Exploration and Production segment decreased by 10.1% to RMB245,099 million for the first half of 2020 from RMB272,711 million for the first half of 2019. This was primarily due to the decrease in the purchase costs, employee remuneration and exploration expenses. The procurement cost from importing oil from countries such as Russia and Kazakhstan was RMB43,906 million for the first half of 2020, representing a decrease of 32.0% from RMB64,523 million for the first half of 2019.

The Group continued to tighten cost controls. In the first half of 2020, the oil and gas lifting cost was US$9.64 per barrel, representing a decrease of 14.0% or US$1.57 per barrel from US$11.21 per barrel for the same period of last year.

Profit from Operations In the first half of 2020, by optimising the deployment of exploration activities, the Group's domestic exploration and production business focused on sizable and profitable exploration and enhanced its integrated administration covering matters in respect of investment, reserve and costs, which resulted in achieving an increase in profitable reserve. While the Group insisted on attaching equal importance to both quantity and efficiency and placed special focus on sizeable and profitable production, it also strictly controlled its operating costs and used its best efforts to increase its production volume to achieve profitability. Through better coordinating the measures in connection with the prevention and control of COVID-19 and the production and operation, the Group's overseas exploration and production business was able to steadily roll out the development of new projects, rationalise asset structure on a continuous basis, adopt a range of measures to improve quality and profitability, using its best effort to control or even reduce the investment expenditure, cost and expenses, which in turn strengthened the management over the security of funds and effectively prevented operation risks. However, due to the impact of sharp drop in oil and gas prices, in the first half of 2020, the Exploration and Production segment achieved an operating profit of RMB10,351 million, representing a decrease of 80.7% in operating profit as compared with RMB53,628 million for the first half of 2019.

Refining and Chemicals

Revenue The revenue of the Refining and Chemicals segment for the first half of 2020 was RMB369,811 million, representing a decrease of 24.0% from RMB486,366 million for the first half of 2019. This was primarily due to the reduction in the sales volumes, and also a drop in the price, of refining and chemical products, especially gasoline, diesel and kerosene.

Operating Expenses Operating expenses of the Refining and Chemicals segment decreased by 20.8% to RMB380,351 million for the first half of 2020 from RMB479,996 million for the first half of 2019. This was primarily due to the decrease in the procurement costs of crude oil and raw material oil, and also a reduction in taxes, labour costs together with selling and administrative expenses.

In the first half of 2020, the cash processing cost of refineries was RMB161.43 yuan per ton, representing a decrease of 1.2% as compared with RMB163.47 yuan per ton for the same period of last year. This was primarily due to the combined effects of the decrease in power cost, ancillary material costs and labour cost together with the reduction in processing volume.

(Loss)/Profit from Operations In the first half of 2020, the Refining and Chemicals segment actively responded to unfavourable conditions arising from a drop-in market demand and a decrease in the facility loads and devoted its full efforts to optimize production operations. Based on the market-oriented approach, the Group took a firm stance in implementing measures relating to the reduction of refinery operation and the increase in chemical operation, and also closely linked production with sales to create synergies. It adjusted in a timely manner its product structure and strived to increase its production of profitable products, while improving the direct selling rate of chemical products. Nevertheless, due to the impact of the decrease in the domestic market demand, the price drop, the decline in profit from inventories and other factors, the Refining and Chemicals segment recorded a loss from operations of RMB10,540 million for the first half of 2020, representing a decrease of RMB16,910 million as compared with the profit from operations of RMB6,370 million for the first half of 2019, among which, the refining operations recorded a loss from operations of RMB13,644 million, representing a decrease of RMB16,424 million as compared with the profit from operations of RMB2,780 million for the same period of last year; the chemical operations generated an operating profit of RMB3,104 million, representing a decrease of 13.5% as compared with RMB3,590 million for the same period of last year.

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

Marketing

Revenue The revenue of the Marketing segment for the first half of 2020 was RMB749,203 million, representing a decrease of 23.8% as compared with RMB982,656 million for the first half of 2019, which was primarily due to the decrease in both the sales volume and price of refined oil in China.

Operating Expenses Operating expenses of the Marketing segment decreased by 22.4% to RMB762,095 million for the first half of 2020 from RMB982,162 million for the first half of 2019. This was primarily due to a decrease in the expenditure relating to the purchase of refined products from external suppliers.

(Loss)/Profit from Operations In the first half of 2020, the Marketing segment intensified the efforts in market analysis and research and adjusted marketing tactics in a flexible manner. By capturing the favourable timing for resumption of work and production, the Group used its best endeavour to increase the sales volume and output in key areas, to increase the retail sale of refined products, strengthened refined marketing and precision marketing and improved the price realization rate. Based on the profitability projection, the Group strengthened the interaction between the domestic and international markets, coordinated the optimisation of the refined oil export plan, which led to an improvement in the overall profitability of the value chain. However, due to the impact of the decline in demand prevailing in the domestic refined oil market, the decrease in profit from inventories and other factors, in the first half of 2020, the Marketing segment recorded a loss from operations of RMB12,892 million, representing a decrease of RMB13,386 million from the profit from operations of RMB494 million for the first half of 2019.

Natural Gas and Pipeline

Revenue The revenue of the Natural Gas and Pipeline segment decreased by 8.6% to RMB179,341 million for the first half of 2020 from RMB196,163 million for the first half of 2019, which was primarily due to the drop in the sales volume and also the decrease in sales price of natural gas domestically.

Operating Expenses Operating expenses of the Natural Gas and Pipeline segment decreased by 7.2% to RMB164,969 million for the first half of 2020 from RMB177,861 million for the first half of 2019. This was primarily due to the reduction in the expenditure for purchasing gas.

Profit from Operations In the first half of 2020, the Natural Gas and Pipeline segment continued to optimize its gas resource structure and strived to lower its procurement costs. Through proactively developing the profitable markets and further optimizing the customer structure, the Group intensively enhanced its sales capability in respect of retail sales to end users. Due to the impact brought by the decrease in both the sales volume and price of natural gas within China and other factors, in the first half of 2020, the Natural Gas and Pipeline segment achieved an operating profit of RMB14,372 million, representing a decrease of 21.5% from RMB18,302 million for the first half of 2019, of which the sales volume of imported natural gas and LNG recorded a net loss of RMB11,832 million, representing an increase in loss of RMB631 million as compared with the same period of last year.

In the first half of 2020, the Group's international operations(note) achieved a revenue of RMB368,632 million, accounting for 39.7% of the total revenue of the Group. Profit before income tax expense of overseas operations was RMB2,380 million.

Note: The four operating segments of the Group consist of Exploration and Production, Refining and Chemicals, Marketing as well as Natural Gas and Pipeline. International operations do not constitute a separate operating segment of the Group. The financial data of international operations is included in the financial data of the respective operating segments mentioned above.

- Assets, Liabilities and Equity

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

	As at June 30, 2020	As at December 31, 2019	Percentage of Change
	RMB million	RMB million	%
Total assets	2,677,347	2,732,910	(2.0)
Current assets	472,127	466,913	1.1
Non-current assets	2,205,220	2,265,997	(2.7)
Total liabilities	1,276,952	1,288,605	(0.9)
Current liabilities	664,123	661,419	0.4
Non-current liabilities	612,829	627,186	(2.3)
Equity attributable to owners of the Company	1,188,747	1,230,156	(3.4)
Share capital	183,021	183,021	-
Reserves	304,674	304,011	0.2
Retained earnings	701,052	743,124	(5.7)
Total equity	1,400,395	1,444,305	(3.0)

Total assets amounted to RMB2,677,347 million, representing a decrease of 2.0% as compared with that as at the end of 2019, of which:

Current assets amounted to RMB472,127 million, representing an increase of 1.1% from that as at the end of 2019, primarily due to the increase in monetary assets and prepayments.

Non-current assets amounted to RMB2,205,220 million, representing a decrease of 2.7% from that as at the end of 2019, primarily due to the asset structure optimization initiatives of the Group, which resulted in the disposal of low-profitability or unprofitable assets and the reduction of property, plant and equipment and also the decrease in the right-of-use assets.

Total liabilities amounted to RMB1,276,952 million, representing a decrease of 0.9% from that as at the end of 2019, of which:

Current liabilities amounted to RMB664,123 million, representing an increase of 0.4% from that as at the end of 2019, primarily due to the increase of short-term borrowings and contract liabilities.

Non-current liabilities amounted to RMB612,829 million, representing a decrease of 2.3% from that as at the end of 2019, primarily due to the decrease in lease liabilities and asset retirement obligations.

Equity attributable to owners of the Company amounted to RMB1,188,747 million, representing a decrease of 3.4% from that as at the end of 2019, primarily due to the decrease in retained earnings.

- Cash Flows

As at June 30, 2020, the primary sources of funds of the Group were cash from operating activities and short-term and long-term borrowings. The funds of the Group were mainly used for operating activities, capital expenditures, repayment of short-term and long-term borrowings and distribution of dividends to the owners of the Company.

The table below sets out the cash flows of the Group for the first half of 2020 and 2019, respectively, and the amount of cash and cash equivalents as at the end of each period:

	Six months ended June 30	
	2020	2019
	RMB million	RMB million
Net cash flows from operating activities	79,080	134,425
Net cash flows used for investing activities	(110,776)	(129,973)
Net cash flows from financing activities	34,629	33
Translation of foreign currency	993	201
Cash and cash equivalents at end of the period	90,335	90,640

Net Cash Flows From Operating Activities

The net cash flows of the Group from operating activities for the first half of 2020 amounted to RMB79,080 million, representing a decrease of 41.2% from the net cash flows of RMB134,425 million for the first half of 2019. This was mainly due to a significant decrease in profit over the same period last year. As at June 30, 2020, the Group had cash and cash equivalents of RMB90,335 million, of which, approximately 55.0% were denominated in Renminbi, approximately 37.6% were denominated in US Dollars, approximately 6.2% were denominated in Hong Kong Dollars and approximately 1.2% were denominated in other currencies.

Net Cash Flows Used For Investing Activities

The net cash flows of the Group used for investing activities for the first half of 2020 amounted to RMB110,776 million, representing a decrease of 14.8% from RMB129,973 million for the first half of 2019. This was primarily due to the decrease in the capital expenditures of the Group in the first half of 2020 as compared with the same period of last year.

Net Cash Flows From Financing Activities

The net cash flows of the Group from financing activities for the first half of 2020 amounted to RMB34,629 million, representing an increase of RMB34,596 million from RMB33 million as recorded in the first half of 2019, primarily due to the increase of new long-term and short-term borrowings of the Group in the first half of 2020 as compared with the same period of last year.

The net borrowings of the Group as at June 30, 2020 and December 31, 2019, respectively, were as follows:

	As at June 30, 2020	As at December 31, 2019
	RMB million	RMB million
Short-term borrowings (including current portion of long-term borrowings)	213,528	175,840
Long-term borrowings	314,963	290,882
Total borrowings	528,491	466,722
Less: Cash and cash equivalents	90,335	86,409
Net borrowings	438,156	380,313

The following table sets out the remaining contractual maturities of borrowings as at June 30, 2020 and December 31, 2019, respectively, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	As at June 30, 2020	As at December 31, 2019
	RMB million	RMB million
Within 1 year	226,754	188,771
Between 1 and 2 years	65,320	30,090
Between 2 and 5 years	243,012	253,918
After 5 years	33,315	31,576
	568,401	504,355

Of the total borrowings of the Group as at June 30, 2020, approximately 56.6% were fixed-rate loans and approximately 43.4% were floating-rate loans; approximately 75.0% were denominated in Renminbi, approximately 22.7% were denominated in US Dollars and approximately 2.3% were denominated in other currencies.

As at June 30, 2020, the gearing ratio of the Group (gearing ratio = interest-bearing debts/(interest-bearing debts + total equity)) was 27.4% (December 31, 2019: 24.4%).

• Capital Expenditures

For the first half of 2020, the Group adopted a dynamic approach in optimizing the adjustment towards its scale of investment and also its investment structure, and coordinated the promotion efforts in respect of the construction of key projects based on the change in oil price, operation results and cash flow and, as such, its capital expenditures amounted to RMB74,761 million, representing a decrease of 11.0% from RMB83,954 million for the first half of 2019, which was mainly due to an enhancement in the management and control over investments. The estimated capital expenditure for the whole year of 2020 is RMB228,500 million, representing a decrease of 23.0% from RMB 296,776 million for the year of 2019. The following table sets out the capital expenditures incurred by the Group for the first half of 2020 and for the first half of 2019 and the estimated capital expenditures for each of the business segments of the Group for the whole year of 2020.

	First half of 2020		First half of 2019		Estimates for 2020	
	RMB million	(%)	RMB million	(%)	RMB million	(%)
Exploration and Production*	54,366	72.72	69,383	82.64	180,200	78.86
Refining and Chemicals	6,418	8.58	5,948	7.09	23,900	10.46
Marketing	6,491	8.68	3,266	3.89	9,400	4.11
Natural Gas and Pipeline	7,279	9.74	5,083	6.05	14,000	6.13
Head Office and Other	207	0.28	274	0.33	1,000	0.44
Total	74,761	100.00	83,954	100.00	228,500	100.00

* If investments related to geological and geophysical exploration expenses were included, the capital expenditures and investments for the Exploration and Production segment for the first half of 2020 and the first half of 2019, and the estimates for the same for the year of 2020 would be RMB60,205 million, RMB75,383 million and RMB192,200 million, respectively.

Exploration and Production

Capital expenditures for the Exploration and Production segment of the Group amounted to RMB54,366 million for the first half of 2020. The expenditures were primarily used for the continuous exploration and development of key basins such as Songliao, Ordos, Tarim, Sichuan and Bohai Bay, for devoting greater efforts in the development of unconventional resources such as shale gas and for continuing to better the overseas operation of the existing projects in the Middle East, Central Asia, America, Asia Pacific and other cooperation areas so as to ensure development in a quality and profitable manner.

The Group anticipates that capital expenditures for the Exploration and Production segment throughout 2020 would amount to RMB180,200 million.

Refining and Chemicals

Capital expenditures for the Refining and Chemicals segment of the Group amounted to RMB6,418 million for the first half of 2020, primarily used for the construction of integration project of refining and chemicals of Guangdong Petrochemical, Daqing petrochemical structure adjustment, projects in relation to the ethylene production out of ethane, including those in Changqing and Tarim, and other large-scale refining and chemical projects, as well as refining and chemicals transformation

and upgrading projects.

The Group anticipates that capital expenditures for the Refining and Chemicals segment throughout 2020 will amount to RMB23,900 million.

Marketing

Capital expenditures for the Marketing segment of the Group amounted to RMB6,491 million for the first half of 2020, which were used primarily for the construction and expansion of the domestic end sales networks for refined products markets, and the construction of overseas oil and gas storage, transportation and sales facilities.

The Group anticipates that capital expenditures for the Marketing segment throughout 2020 will amount to RMB9,400 million.

Natural Gas and Pipeline

Capital expenditures for the Natural Gas and Pipeline segment of the Group amounted to RMB7,279 million for the first half of 2020, which were primarily used for the construction of key natural gas transmission pipelines such as the China-Russia East-route Natural Gas Pipeline Project, Shenzhen LNG and other facilities for peak shaving and storage and transportation as well as the construction of gas branches and sales terminals.

The Group anticipates that capital expenditures for the Natural Gas and Pipeline segment throughout 2020 will amount to RMB14,000 million.

Head Office and Other

Capital expenditures for the Head Office and Other segment for the first half of 2020 amounted to RMB207 million, which were primarily used for improvements of scientific research facilities and construction of the IT system.

The Group anticipates that capital expenditures for the Head Office and Other segment throughout 2020 will amount to RMB1,000 million.

(2) The financial data set out below is extracted from the consolidated financial statements of the Group prepared under CAS

- Principal operations by segment under CAS

	Income from principal operations for the first half of 2020	Cost of principal operations for the first half of 2020	Gross margin*	Changes in income from principal operations over the same period of the preceding year	Changes in cost of principal operations over the same period of the preceding year	Increase/ (decrease) in gross margin
	RMB million	RMB million	(%)	(%)	(%)	(Percentage points)
Exploration and Production	247,833	208,119	11.3	(21.9)	(9.6)	(11.1)
Refining and Chemicals	366,807	277,062	1.8	(24.0)	(23.7)	(3.8)
Marketing	737,540	722,120	2.0	(24.1)	(23.6)	(0.6)
Natural Gas and Pipeline	176,881	161,338	8.6	(8.7)	(8.0)	(0.7)
Head Office and Other	83	67	-	23.9	42.6	-
Inter-segment elimination	(623,971)	(623,573)	-	-	-	-
Total	905,173	745,133	7.1	(22.7)	(19.1)	(4.9)

* Gross margin = Profit from principal operations / Income from principal operations

- Principal operations by region under CAS

	First half of 2020	First half of 2019	Changes over the same period of the preceding year
Operating income	RMB million	RMB million	(%)
Chinese Mainland	560,413	711,359	(21.2)
Other	368,632	484,900	(24.0)
Total	929,045	1,196,259	(22.3)

• Principal subsidiaries, associates and joint ventures of the Group

Company name	Registered capital RMB million	Shareholding %	Amount of total assets RMB million	Amount of total liabilities RMB million	Amount of net assets/ (liabilities) RMB million	Net profit / (loss) RMB million
Daqing Oilfield Company Limited	47,500	100	372,334	136,568	235,766	1,976
CNPC Exploration and Development Company Limited	16,100	50	207,128	41,628	165,500	2,549
PetroChina Hong Kong Limited	HK$7,592 million	100	148,474	63,110	85,364	4,322
PetroChina International Investment Company Limited	31,314	100	96,443	155,198	(58,755)	(2,401)
PetroChina International Co., Ltd.	18,096	100	193,720	125,823	67,897	491
PetroChina Pipelines Co., Ltd.	80,000	72.26	223,969	16,289	207,680	8,870
PetroIneos Refining Limited	US$1,000	49.90	15,953	9,526	6,427	(191)
China Petroleum Finance Co., Ltd.	8,331	32	451,019	377,385	73,634	3,823
CNPC Captive Insurance Co., Ltd.	5,000	49	13,955	7,382	6,573	190
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50	9,715	6,804	2,911	81
Mangistau Investment B.V.	EUR € 18,000	50	13,240	3,974	9,266	(156)
Trans-Asia Pipeline Co., Ltd.	5,000	50	47,100	2,811	44,289	1,514

Note: For details of the nature of business and net profit of principal subsidiaries, associates and joint ventures entities of the Group, please refer to Note 6 and Note 14 of the financial statements of the Group prepared under CAS.

3. Business Prospects for the Second Half of the Year

In the second half of 2020, the situations of global prevention and control of COVID-19 are still severe, the cycles of international industrial chain and supply chain are obstructed, and the recovery of world economy is facing greater risks and challenges. The international crude oil market is expected to remain in excess of demand, and the rebound of international oil prices is still facing great uncertainty. China's economic development is expected to remain generally stable, but with greater instability and uncertainty. The excessive domestic supply of refined oil is intensifying, the growth of demand for natural gas is falling, and the market players in the whole industrial chain of oil and gas are more diverse with the competition being more intense. Faced by such complex and severe situations, the Group will maintain the strategic strength, strengthen the bottom-line thinking, adhere to high-quality development, while sticking to law-abiding and compliant corporate governance following the governance principles of professional development, market-oriented operation, lean management and integrated planning. We will also continue to further implement the construction of the oil and gas production, supply, storage and sales system, deepen reform and innovation, pay more attention to green and low-carbon development, digital transformation, intelligent development and value creation to promote quality and profitability improvement, and spare no efforts to fulfill annual production and operation objectives and tasks.

In respect of exploration and production business, the Group will adhere to the strategy of stabilizing oil and improving gas exploration and production, promote the profitable exploration and development. We will effectively implement oil and gas exploration (in particular risk exploration), deepen comprehensive geological research and earthquake preparedness in key basins and fields, speed up the implementation of the deployed exploration of risk wells, and strive to achieve strategic discovery and breakthrough. Focusing on oil and gas exploration areas including Chang 7 shale oil, central Sichuan paleo-uplift, Ordovician and Kuqa piedmont of Tarim Basin and Mahu, we will highlight centralized large-scale and profitable exploration to consolidate the resource foundation for sustainable development of the Company. We will adhere to profitable development, stabilize the production of old oil and gas fields and speed up profitable production in new oil and gas fields. By deepening fine water injection and strengthening the management of long-time shut-down wells and profitability improvement of low-yield wells, while reinforcing the major development experiments on enhancing recovery rate at Sulige and Keshen, we effectively focus on the scale and concentrated production building of key projects.

In respect of refining and chemicals business, the Group will adhere to structure adjustment and continue to deepen business transformation and upgrading. We will strengthen our control and management over production, allocate more resources to enterprises of sound operating results, and properly manage unplanned equipment shutdown and abnormal fluctuations so as to ensure safe, stable and long-term optimized operation and strive to increase income and enhance profitability. We will uphold the idea of molecular oil refining, optimize cost-effective oil types, select appropriate process route and realize efficient utilization of resources. We will adhere to the strategy of reducing oil and increasing chemicals production, strictly control the output of gasoline and diesel, flexibly adjust the proportion of diesel to gasoline according to the market demand and increase the products of profitability and distinctive features including high-grade gasoline, lubricating base oil and low-sulfur marine fuel oil. We will also increase the load of chemical equipment of ethylene and aromatics, develop and produce profitable and marketable new chemical products and special materials and ensure the stable supply of medical materials. We will strengthen chemical sales channels and customer management and improve the percentage of direct sales and price realization rate. We will strengthen the overall planning for the supply, production, research and marketing of oil-refining by-products and lubricating oil, promote their integrated and coordinated development together with the distribution system of chemical products to respond to market competition as on combined business. We will promote the construction of key projects including Guangdong Petrochemical.

In respect of sales of refined products, the Group will focus on both quantity and efficiency, strive to improve the quality of refined oil in the market. We will actively respond to market changes and oil price fluctuations, strengthen regional coordination, achieve mutual facilitation between oil and non-oil products, refine marketing practices, emphasize the solution of securing room for maneuver, market expansion, increase the sales volume of retail and increase profitability to ensure integration of sales volume, market shares and profitability. It is imperative to give full play to our overall advantages, vigorously promote the development of high-quality network, solidify the markets within business zones, expand the markets outside the business zones, expand the terminal markets adopting such methods as joint venture lease, cooperative operation and combination of production and finance to and make our best endeavor to increase the sales volume of retail. We will optimize and adjust marketing tactics, establish benefit evaluation models by variety, region, time period and customer type to promote differentiated and precise marketing, and improve the price realization rate and profitability level. We will further promote the governance of stations of low sales volume and profitability and cultivation of stations of high sales volume and profitability and enhance the capability of single station to generate profits and customer service level. We will deeply tap the potential of non-oil business and solidify the situation of achieving operating profits from different channels.

In respect of natural gas and pipeline operations, the Group will adhere to the overall optimization and make every effort to increase the sales and profitability of natural gas. We will optimize the allocation of resources, make overall plans for proprietary production and import, long-term trade and spot resources, maintain the balance among production imports and sales, to ensure the smoothness of sales channel and safe operation of industrial chains. We will comprehensively enhance marketing capabilities, adhere to the principle of market orientation and the supremacy of customers, deepen "labelling" sales, plan wholesale and retail as a whole, go all out to explore the market, accurately implement policies for different regions and users, solidify market shares to achieve the increase of both quantity and profitability. We will optimize sales structure, promote the development of diversified terminal markets, steadily participate in natural gas power generation and distributed energy projects, increase the sales of LNG and increase the proportion of direct supply and terminal retail to improve sales and profit.

In respect of international operations, the Group will stick to high quality and profitability operation and strive to improve its international operation capacity and level. We adhere to profitable exploration and focus on guaranteeing the risk exploration in the strategic alternative areas and zones where the Group plays a leading role, optimizing rolling exploration in mature areas, solidly implementing reserves evaluation and solidifying resources foundation. We will emphasize fine development, dynamically adjust project production according to oil price, project phase and contract mode, continuously make fine water injection and take measures for increasing production, improve capacity construction as planned and close blocks with no marginal contribution. We will strengthen the development of new projects and strive to find quality resources. We will strengthen risk control and effectively prevent policy risks of the exchange rate and tax rate in the country with resources. In respect of international trade, we will conscientiously cut costs and enhance profitability through reducing resource procurement costs, optimizing refined oil exports to comprehensively improve services. We will also adopt innovative trade methods, strictly control transaction risks and strive to improve bargaining power and cross-market transaction level.

By Order of the Board of Directors
PetroChina Company Limited
Dai Houliang
Chairman
Beijing, the PRC
August 27, 2020

SIGNIFICANT EVENTS

1. Governance of the Company

During the reporting period, the Company was capable of operating business in a regularized manner in accordance with domestic and overseas regulatory requirements. Pursuant to the relevant laws and regulations, the securities regulatory rules of the jurisdictions in which the Company is listed and the Articles of Association of PetroChina Company Limited (the "Articles of Association"), and in light of the actual conditions of the Company, the Company continuously formulated, improved, and effectively implemented the rules of procedure and the relevant work processes for the Board of Directors and all specialised committees under the Board. During the reporting period, the Company's internal management operations were further standardized and the level of the Company's corporate governance had been continually enhanced through the coordination and balances among the shareholders' general meeting, the Board and its respective specialised committees, the Supervisory Committee and the management led by the President of the Company together with the effective operations of the internal control systems.

During the reporting period, the Company convened two shareholders' general meetings, five meetings of the Board and three meetings of the Supervisory Committee, adopting 14 resolutions of the shareholders' general meeting, 25 resolutions of the Board and 11 resolutions of the Supervisory Committee. Such meetings were prepared and convened in compliance with the relevant laws and rules and the adopted resolutions were lawful and valid.

During the reporting period, the number of members of the Board was increased from nine to eleven. Adjustment was further made to the members of the specialised committees under the Board based on the expertise background and experience of the respective Directors.

During the reporting period, the Company amended the Articles of Association and adjusted its scope of business based on its actual needs of production and operation, which ensured that the Group would continue its efforts in the prevention and control over COVID-19 and also the reform and growth of its production and operation.

During the reporting period, the Company kept increasing the compliance awareness of the controlling shareholder and the Directors, Supervisors and Senior Management of the Company. The Company's corporate governance met the requirements set out in the normative documents relating to governance of listed companies issued by the securities regulatory authorities of the places where the Company is listed, and no person with access to insider information was found dealing in the shares of the Company against the relevant regulations.

2. Compliance with the Corporate Governance Code

For the six months ended June 30, 2020, save for the following changes during the reporting period, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

On December 9, 2019, Mr. Hou Qijun resigned as Director and President of the Company due to work change. On January 19, 2020, Mr. Wang Yilin resigned as Chairman, Director and chairman of the Nomination Committee of the Company due to his age. On March 9, 2020, Mr. Duan Liangwei was appointed as the President of the Company. On March 25, 2020, Mr. Dai Houliang was elected as the Chairman, and also the chairman of the Nomination Committee of the Company, and Mr. Li Fanrong was elected as the Vice Chairman of the Company. Currently, the Company has complied with all the code provisions of the Corporate Governance Code.

3. Formulation and Implementation of the Cash Dividend Policy

As required by China Securities Regulatory Commission, the Articles of Association expressly provides that the proportion of cash dividends shall not be lower than 30% of annual net profit attributable to owners of the Company. Since its listing, the Company has been making dividend payments in an amount equal to 45% of net profit attributable to owners of the Company strictly in accordance with the provisions of the Articles of Association and the relevant regulatory requirements, adhering to the principle of repaying the shareholders.

Since 2016, the Company has endeavoured to repay the shareholders better by making special dividend payments in addition to the regular dividend payment equal to 45% of the net profit attributable to owners of the Company.

In the future, adhering to the principle of repaying the shareholders, the Company will implement flexible and practicable dividend policies and determine reasonable amounts of dividend payment based on the operating results, cash flow, material mergers or acquisitions and capital expenditures of the Company, giving full consideration to the reasonable return on investment for investors as well as the long-term interests of the Company, the interests of all shareholders as a whole and the sustainable development of the Company.

Authorised by the shareholders, the Board has reviewed and approved the 2020 interim dividend at the seventh meeting of the Board in 2020, with the consent of independent Directors.

4. Final Dividend for 2019 and Interim Dividend for 2020 and Closure of Register of Members

(1) Final Dividend for the Year Ended December 31, 2019

The final dividend in respect of 2019 of RMB0.06601 yuan per share (inclusive of applicable tax), amounting to a total of RMB12,081 million, was approved by the shareholders at the 2019 annual general meeting of the Company on June 11, 2020 and was paid on June 30, 2020 (for A shares) and July 31, 2020 (for H shares), respectively.

(2) Interim Dividend for 2020 and Closure of Register of Members

The Board was authorised by the shareholders to approve the distribution of an interim dividend for 2020 at the 2019 annual general meeting of the Company on June 11, 2020. Affected by the outbreak of COIVD-19 and low oil price, the Company suffered substantial loss in the first half of 2020. Despite of difficulties, the Company still attaches great importance to shareholders' returns. In overall consideration of the situations such as the operating results, financial position, cash flow and expected gains from pipeline assets restructuring of the Company, to provide returns to the shareholders, the Board has resolved to declare an interim dividend of RMB0.08742 yuan per share (inclusive of applicable tax) for 2020 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2020. The total amount of the interim dividends payable is RMB16,000 million.

The H share interim dividend of the Company will be paid to shareholders of H shares whose names appear on the register of members of the Company at the close of trading on October 6, 2020. The register of members of H shares will be closed from October 1, 2020 to October 6, 2020 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the interim dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Hong Kong Registrars Limited on or before 4:30 p.m., September 30, 2020. Holders of A shares whose names appear on the register of members of the Company maintained at China Securities Depository and Clearing Corporation Limited ("CSDC") at the close of trading on the Shanghai Stock Exchange in the afternoon of September 21, 2020 will be eligible for the interim dividend.

In accordance with the relevant provisions of the Articles of Association of PetroChina Company Limited and relevant laws and regulations, dividends payable to the shareholders of the Company shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi, and for the A shares of the Company listed on the Shanghai Stock Exchange and invested by the investors through the Hong Kong Stock Exchange, dividends shall be paid in Renminbi to the accounts of the nominal shareholders through CSDC. Save for the H shares of the Company listed on the Hong Kong Stock Exchange and invested by the investors through the Shanghai Stock Exchange and Shenzhen Stock Exchange (the "H Shares under the Southbound Trading Link"), dividends payable to the holders of H shares shall be paid in Hong Kong Dollars. The applicable exchange rate shall be the average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the dividends by the Board. Dividends payable to the holders of H Shares under the Southbound Trading Link shall be paid in Renminbi. In accordance with the Agreement on Payment of Cash Dividends on the H Shares under the Southbound Trading Link (《港股通H股股票現金紅利派發協議》) between the Company and CSDC, CSDC will receive the dividends payable by the Company to holders of the H Shares under the Southbound Trading Link as a nominal holder of the H Shares under the Southbound Trading Link on behalf of investors and assist the payment of dividends on the H Shares under the Southbound Trading Link to investors thereof. The average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the 2020 interim dividend by the Board is RMB0.89269 to 1.00 Hong Kong Dollar. Accordingly, the interim dividend will be 0.09793 Hong Kong Dollar per H share (inclusive of applicable tax).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent"), and will pay the declared interim dividend to the Receiving Agent for its onward payment to the holders of H shares. The interim dividend will be paid by the Receiving Agent around November 13, 2020 to the holders of H shares by ordinary mail at their own risks.

According to the Law on Corporate Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) and the relevant implementing rules which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the H share register of members of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Any holders of H shares wishing to change their shareholder status should consult their agents or trust institutions on the relevant procedures. The Company will withhold and pay the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments based on the information that will have been registered on the Company's H share register of members on October 6, 2020.

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

The Company will determine the country of domicile of the individual H shareholders based on the registered address as recorded in the register of members of the Company (the "Registered Address") on October 6, 2020 and will accordingly withhold and pay the individual income tax. If the country of domicile of an individual H shareholder is not the same as the Registered Address, the individual H shareholder shall notify the share registrar of the Company's H shares and provide relevant supporting documents on or before 4:30 p.m., September 30, 2020 (address: Hong Kong Registrars Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong). If the individual H shareholder does not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of domicile of the individual H shareholder based on the recorded Registered Address on October 6, 2020.

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

In accordance with the Notice of Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No.81) (《財政部、國家税務總局、證監會關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2014]81號)), which became effective on November 17, 2014, and the Notice of the Ministry of Finance, the State Administration of Taxation, and the China Securities Regulatory Commission on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) (《財政部、國家税務總局、證監會關於深港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2016]127號)), which became effective on December 5, 2016, with regard to the dividends obtained by individual Chinese mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company will withhold their individual income tax at the tax rate of 20% in accordance with the register of individual Chinese mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by Chinese mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock

Connect, the Company will levy tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by Chinese mainland enterprise investors, and Chinese mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

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

5. Material Litigation and Arbitration

There was no material litigation or arbitration during the reporting period.

6. Financial Assets at Fair Value

Unit: RMB million

Name of Items	Balance at the beginning of the reporting period	Balance at the end of the reporting period	Changes in the reporting period	Amount affecting the profit of the reporting period
Investments in other equity instruments	930	827	(103)	-
Receivables financing	7,016	4,468	(2,548)	-

The financial assets at fair value held by the Company during the reporting period include domestic and overseas listed shares and the equity investment that does not have a quoted market price in an active market, and bills of acceptance issued by banks for the sale of goods and rendering of services.

7. Material Acquisition, Disposal and Restructuring of Assets

During the reporting period, there was no material acquisitions, disposal or restructuring of assets of the Company.

8. Material Connected Transactions

(1) Connected transactions

On June 13, 2019, the third meeting of the Board in 2019 reviewed and passed the Proposal for Capital Increased Contribution to China Petroleum Finance Company Limited ("CNPC Finance"), approving the capital increase contributions to CNPC Finance by the Company, CNPC and CNPC Capital Company Limited ("CNPC Captial") in proportion with their respective current shareholdings. As at the disclosure date of this report, the proposed capital increase is still subject to the approval by Beijing Bureau of China Banking and Insurance Regulatory Commission. In accordance with the Listing Rules of the Shanghai Stock Exchange ("SSE Listing Rules" or "Shanghai Stock Exchange Listing Rules"), the Listing Rules, CNPC, CNPC Capital and CNPC Finance are all connected persons of the Company. Therefore, the proposed capital increase constitutes a connected transaction of the Company. For specific details of this transaction, please see the announcements published on the respective websites of the Hong Kong Stock

Exchange and the Shanghai Stock Exchange on June 13, 2019, and the connected transaction section disclosed in the 2019 annual report published on the respective websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange on March 26, 2020 and March 27, 2020 respectively.

(2) Continuing connected transactions

(a) Connected transactions with CNPC

Pursuant to the Listing Rules and the Shanghai Stock Exchange Listing Rules, since CNPC is the controlling shareholder of the Company, transactions between the Group and CNPC as well as their jointly-held entities constitute connected transactions of the Group. The Group and CNPC as well as their jointly-held entities continue to carry out certain existing continuing connected transactions. The Company had obtained independent Directors' and independent shareholders' approval at the fifth meeting of the Board held on August 23 and August 24, 2017 and the 2017 first extraordinary general meeting held on October 26, 2017, respectively, for a renewal of the existing continuing connected transactions and the new continuing connected transactions, and the proposed caps for the existing continuing connected transactions and the new continuing connected transactions for the period from January 1, 2018 to December 31, 2020.

The Group and CNPC as well as their jointly-held entities will continue to carry out the continuing connected transactions referred to in the following agreements:

1) Comprehensive Products and Services Agreement

2) Land Use Rights Leasing Contract and an agreement supplementary thereto

3) Buildings Leasing Contract (as amended)

4) Intellectual Property Licensing Contracts

5) Contract for the Transfer of Rights under Production Sharing Contracts

Details of the above agreements were set out in the section headed "Connected Transactions" of the 2019 annual report published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on March 26, 2020 and March 27, 2020, respectively. Details of the Comprehensive Products and Services Agreement, the Land Use Rights Leasing Contract and its Supplementary Agreement, and the Buildings Leasing Contract (as amended) were published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on August 24, 2017 and August 25, 2017 respectively, and were also set out in the meeting materials for the 2017 first extraordinary general meeting published on the website of the Shanghai Stock Exchange on October 19, 2017.

(b) Continuing connected transactions with Beijing Gas Group Company Limited ("Beijing Gas")

Under the Listing Rules, Beijing Gas is a substantial shareholder of PetroChina Beijing Gas Pipeline Co., Ltd., a subsidiary of the Group. Therefore, the transactions between the Group and Beijing Gas constitute connected transactions of the Group. On August 24, 2017, the Group renewed the Products and Services Agreement with Beijing Gas. Pursuant to such agreement, the Company shall provide products and services to Beijing Gas on an continuing basis, including but not limited to the provisions of natural gas and related pipeline transmission services. The term of such agreement shall commence from January 1, 2018 to December 31, 2020. Details of the transaction were published on the respective websites of Hong Kong Stock Exchange and Shanghai Stock Exchange on August 24, 2017 and August 25, 2017, respectively.

During the effective term of the Products and Services Agreement signed with Beijing Gas, the parties agree that a party to the specific agreement in respect of the provision of products and services may, for the purpose of one or more types of products or services, terminate at any time such specific agreement in respect of the provision of specific products and services by giving a written notice at least six months in advance. Further, for products or services that have already been contractually agreed to be provided, a party to the agreement may only terminate such agreement after the above products or services have been provided.

For PetroChina Beijing Natural Gas Pipeline Co., Ltd., since its relevant percentage ratios in respect of its total assets, profits and revenue as calculated based on the 2018 financial data are less than 5%, it has become an insignificant subsidiary of the Group. Pursuant to Rule 14A.33 of the Listing Rules, Beijing Gas has ceased to be a connected person of the Company starting from 2019, and therefore the transactions between the Group and Beijing Gas no longer constitute connected transactions under Chapter 14A of the Listing Rules. Details of the transaction were published on the respective websites of Hong Kong Stock Exchange and Shanghai Stock Exchange on March 21, 2019 and March 22, 2019, respectively.

Pursuant to the financial data of the most recent financial year, i.e. 2019, PetroChina Beijing Natural Gas Pipeline Co., Ltd. becomes a significant subsidiary of the Group. Pursuant to the Listing Rules, Beijing Gas has become a connected person of the Group starting from 2020, and therefore the transactions between the Group and Beijing Gas constitute connected transactions under Chapter 14A of the Listing Rules.

(3) Performance of the continuing connected transactions during the reporting period

During the reporting period, in accordance with CAS, the actual total transaction amounts of the connected transactions between the Group and its connected parties were RMB157,083 million, of which the sales of goods and provision of services by the Group to its connected parties amounted to RMB47,049 million, representing 5% of the same category transactions of the Group, and purchase of goods and services by the Group from the connected parties amounted to RMB110,034 million, representing 13% of the same category transactions of the Group. The balance of the capital provided by the connected parties to the Group amounted to RMB173,306 million.

(4) Details of the connected transactions during the reporting period have been set out in Note 58 to the financial statements of the Group prepared under CAS and Note 19 to the financial statements of the Group prepared under IFRS.

9. Material Contracts and the Performance Thereof

(1) There was no material transaction, or any trusteeship, sub-contracting and leasing of properties of other companies by the Company, or any trusteeship, sub-contracting and leasing of properties of the Company by other companies which was enacted during the reporting period or extended from periods prior to the reporting period.

(2) As of the end of the reporting period, the Company and its subsidiaries had a guarantee balance of RMB199,600 million, including RMB22,537 million for credit guarantee and RMB170,107 million for performance guarantee, RMB6,956 million for financing guarantee, and the balance of guarantees as of the end of the reporting period accounted for approximately 16.79% of the Group's net asset. The guarantee balance of the Company as of the end of the reporting period did not exist for the guarantee provided to the controlling shareholder, the ultimate controller and its related parties.

(3) The Company did not entrust any other person to carry out cash management during the reporting period nor was there any such entrustment that was extended from periods prior to the reporting period.

(4) The Company had no material external entrusted loans during the reporting period.

(5) Save for disclosed in this interim report, during the reporting period, the Company did not enter into any material contract which requires disclosure.

10. Performance of Undertakings

In order to support the business development of the Company, consolidate the relevant quality assets and avoid industry competition, CNPC, the controlling shareholder of the Company, entered into the Agreement on Non-Competition and Pre-emptive Right to Transaction (the "Agreement") with the Company on March 10, 2000. As of the end of the reporting period, except for those already performed, the undertakings not performed by CNPC, the controlling shareholder of the Company, included the follows: (1) due to the fact that the laws of the jurisdiction where ADSs were listed prohibit local citizens from directly or indirectly financing or investing in the oil and gas projects in certain countries, CNPC failed to inject the overseas oil and gas projects in certain countries into the Company; (2) upon execution of the Agreement, CNPC did not strictly comply with the Agreement and obtained business opportunities that competed or were likely to compete with the principal business of the Company. Nevertheless, such industry competition primarily concentrated on oil and gas exploration and development operations at certain overseas countries and regions in which the resources owned by CNPC were insufficient or uncertain.

In connection with matters described above, CNPC issued a Letter of Undertaking to the Company on June 20, 2014 and made additional undertakings that: (1) within ten years from the date of the Letter of Undertaking, after taking into account of political, economic and other factors, the Company may request CNPC to sell offshore oil and gas assets which remain in possession by CNPC and which were in possession by CNPC as at the date of the Letter of Undertaking; (2) for business opportunities relating to investment in offshore oil and gas assets after the date of the Letter of Undertaking, the relevant prior approval procedure of the Company shall be initiated strictly in accordance with the Agreement. Subject to the applicable laws, contractual agreements and procedure requirements, CNPC will sell to the Company offshore oil and gas assets as described in items (1) and (2) above at the request of the Company.

Save for the above additional undertakings, undertakings made by CNPC in the Agreement remain unchanged.

Save for the above undertakings, during the reporting period, there were no significant undertakings made by the Company, shareholders, actual controllers, acquirers, Directors, Supervisors, Senior Management or other related parties during the reporting period or up to the reporting period.

11. Penalties on the Company and its Directors, Supervisors, Senior Management, Controlling Shareholder and De Facto Controller and Remedies Thereto

During the reporting period, none of the Company or its current Directors, Supervisors, Senior Management, controlling shareholder or ultimate controller of the Company was subject to any investigation by competent authorities, enforcement by judicial or disciplinary departments, or was handed over to judicial department or subject to criminal liabilities, subject to investigation or administrative punishment by the China Securities Regulatory Commission, or any denial of participation in the securities market or was deemed unsuitable, nor was subject to any material administrative penalty by other administrative authorities or public condemnation by a stock exchange.

12. Repurchase, Sale or Redemption of Securities

The Company and its subsidiaries did not repurchase, sell or redeem any listed securities of the Company during the six months ended June 30, 2020.

13. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model

Code") in respect of dealing in the Company's shares by its Directors. Upon specific enquiries made to each Director and Supervisor, each Director and Supervisor has confirmed to the Company that each of them had complied with the requirements set out in the Model Code during the reporting period.

14. Interests of Directors, Supervisors and Chief Executives in the Share Capital of the Company

As at June 30, 2020, except that the spouse of Mr. Liu Xianhua held 2,300 A shares of the Company, none of the Directors, Supervisors and Chief Executives had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the Securities and Futures Ordinance that are required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors, Supervisors and Chief Executives pursuant to the Model Code.

15. Creditworthiness of the Company and its Controlling Shareholder and Ultimate Controller

During the reporting period, the Company and its controlling shareholder and de facto controller, CNPC, carried out various businesses in a continuous and steady way, adhering to the philosophy of good faith and the principle of compliance with laws and regulations, and did not incurred any unperformed material court judgement that had come into force or any significant outstanding debt that had become due and payable.

16. Audit Committee

The Audit Committee of the Company comprises Mr. Cai Jinyong, Mr. Jiang, Simon X. and Mr. Liu Yuezhen. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Group and make recommendations to the Board.

The Audit Committee of the Company has reviewed and confirmed the interim results for the six months ended June 30, 2020.

17. Disclosure of Other Information

Save for disclosed above, there have been no material changes in the information disclosed in the annual report of the Group for the year ended December 31, 2019 in respect of matters required to be disclosed under paragraph 32 of Appendix 16 to the Listing Rules.

18. Index of Information Disclosure

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (First Tranche) (Variety I)	China Securities Journal Shanghai Securities News Securities Times	January 13, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (First Tranche) (Variety II)	China Securities Journal Shanghai Securities News Securities Times	January 13, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on Resignation of Chairman of PetroChina	China Securities Journal Shanghai Securities News Securities Times	January 19, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Report on the Provisional Trust Management for the Corporate Bonds of PetroChina Company Limited		January 22, 2020	Website of the Shanghai Stock Exchange
Report of China Galaxy Securities Co., Ltd. on the Provisional Trust Management of the First Significant Matters in 2020 for the Corporate Bonds of PetroChina Company Limited		February 3, 2020	Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Resolution of the First Meeting of the Board of Directors in 2020	China Securities Journal Shanghai Securities News Securities Times	February 5, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of PetroChina on Convening the First Extraordinary General Meeting in 2020	China Securities Journal Shanghai Securities News Securities Times	February 7, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (Second Tranche) (Variety I)	China Securities Journal Shanghai Securities News Securities Times	February 25, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (Second Tranche) (Variety II)	China Securities Journal Shanghai Securities News Securities Times	February 25, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
H-share Announcement of PetroChina		March 9, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
H-share Announcement of PetroChina		March 9, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Announcement of PetroChina on the Resolution of the Second Meeting of the Board of Directors in 2020	China Securities Journal Shanghai Securities News Securities Times	March 9, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2013 Corporate Bonds (First Tranche) (Ten-year)	China Securities Journal Shanghai Securities News Securities Times	March 9, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Additional Interim Proposal to the First Extraordinary General Meeting in 2020	China Securities Journal Shanghai Securities News Securities Times	March 10, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (Third Tranche) (Variety I)	China Securities Journal Shanghai Securities News Securities Times	March 17, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2020 Interest Payment Announcement of PetroChina on its 2016 Corporate Bonds (Third Tranche) (Variety II)	China Securities Journal Shanghai Securities News Securities Times	March 17, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Document of the First Extraordinary General Meeting of PetroChina in 2020		March 18, 2020	Website of the Shanghai Stock Exchange
Work Report of the Audit Committee under the Board of Directors of PetroChina in 2019		March 24, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolution of the First Extraordinary General Meeting of PetroChina in 2020	China Securities Journal Shanghai Securities News Securities Times	March 25, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolution of the First Meeting of the Supervisory Committee of PetroChina in 2020	China Securities Journal Shanghai Securities News Securities Times	March 25, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Election of Chairman and Vice Chairman of the Board of Directors	China Securities Journal Shanghai Securities News Securities Times	March 25, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Legal Opinion on the First Extraordinary General Meeting Of PetroChina in 2020		March 25, 2020	Website of the Shanghai Stock Exchange
H-share Announcement of PetroChina		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Special Statement on the Use of Non-operating Funds and Financial Transactions with Other Affiliates for 2019		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Audit Report of PetroChina		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Audit Report on the Internal Controls of PetroChina in 2019		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Environmental, Social and Governance Report of PetroChina in 2019		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Special Statement and Independent Opinion by Independent Directors of PetroChina on External Guarantees		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Work Report of Independent Directors of PetroChina in 2019		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2019 Annual Report of PetroChina		March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Resolutions of the Third Meeting of the Board of Directors in 2020	China Securities Journal Shanghai Securities News Securities Times	March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2019 Annual Results Announcement of PetroChina (Summary of the Annual Report)	China Securities Journal Shanghai Securities News Securities Times	March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on its External Guarantee Arrangements for 2020	China Securities Journal Shanghai Securities News Securities Times	March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Renewal of Accounting Firm	China Securities Journal Shanghai Securities News Securities Times	March 26, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Report on the Provisional Trust Management of Corporate Bonds of PetroChina		March 31, 2020	Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
PetroChina: Report of China Galaxy Securities Co., Ltd. on the Provisional Trust Management of the Second Significant Matters in 2020 for the Corporate Bonds of PetroChina Company Limited		April 1, 2020	Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Resignation of the Vice President	China Securities Journal Shanghai Securities News Securities Times	April 3, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Report of the Trustee of the 2012 Corporate Bonds (First Tranche) (For the Year 2019)		April 8, 2020	Website of the Shanghai Stock Exchange
Report of the Trustee of the 2013 Corporate Bonds (First Tranche) (For the Year 2019)		April 8, 2020	Website of the Shanghai Stock Exchange
Report of the Trustee of the 2017 Corporate Bonds (First Tranche) (For the Year 2019)		April 8, 2020	Website of the Shanghai Stock Exchange
PetroChina: Report of China Galaxy Securities Co., Ltd. on the Provisional Trust Management of the Third Significant Matters in 2020 for the Corporate Bonds of PetroChina Company Limited		April 13, 2020	Website of the Shanghai Stock Exchange
Notice of PetroChina on the Meeting of the Board of Directors		April 13, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of PetroChina on Convening the 2019 Annual General Meeting	China Securities Journal Shanghai Securities News Securities Times	April 22, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
First Quarterly Report of PetroChina in 2020 (Main body)	China Securities Journal Shanghai Securities News Securities Times	April 29, 2020	Website of the Shanghai Stock Exchange
First Quarterly Report of PetroChina in 2020 (Full text)		April 29, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Adjustment to the Business Scope and Amendments to the Articles of Association	China Securities Journal Shanghai Securities News Securities Times	April 29, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Resolutions of the Fourth Meeting of the Board of Directors in 2020	China Securities Journal Shanghai Securities News Securities Times	April 29, 2020	Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Announcement of PetroChina on the Additional Interim Proposal to the 2019 Annual General Meeting	China Securities Journal Shanghai Securities News Securities Times	May 15, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Obtaining of CSRC Approval for the Registration of the Public Issuance of Corporate Bonds to Professional Investors	China Securities Journal Shanghai Securities News Securities Times	May 27, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Documents for the 2019 General Meeting of PetroChina		June 3, 2020	Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Resolutions Passed at the 2019 General Meeting	China Securities Journal Shanghai Securities News Securities Times	June 11, 2020	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Selection of Employee Representative Supervisors	China Securities Journal Shanghai Securities News Securities Times	June 11, 2020	Website of Shanghai Stock Exchange
Announcement of PetroChina on the Resolution of the Third Meeting of the Supervisory Committee in 2020	China Securities Journal, Shanghai Securities News Securities Times	June 11, 2020	Website of Shanghai Stock Exchange
Announcement of PetroChina on the Resolution of the Fifth Meeting of the Board of Directors in 2020	China Securities Journal, Shanghai Securities News Securities Times	June 11, 2020	Website of the Hong Kong Stock Website of Shanghai Stock Exchange
Legal Opinion on the 2019 Annual General Meeting		June 11, 2020	Website of the Shanghai Stock Exchange
Announcement of PetroChina on Final Pay-out of Dividends on A-shares for 2019	China Securities Journal, Shanghai Securities News Securities Times	June 20, 2020	Website of Shanghai Stock Exchange

19. Performance of Social Responsibilities

The Company actively performed its social responsibilities and devoted to becoming an excellent corporate citizen of the world, adhered to the principle of "Environmental Priorities, Safety First, Quality-oriented, People-oriented", and strictly abided by the Environmental Protection Law of the PRC and other relevant laws and regulations to prevent and control pollution, enhance ecological protection and maintain social safety. Some subsidiaries of the Company are major pollutant-discharging enterprises as announced by the environmental protection authorities. Public information disclosure regarding the environment has been made by such companies as per relevant regulations of Ministry of Ecology and Environment of the People's Republic of China and the requirements of the local environmental protection authorities on the websites of the local environmental protection bureaus or other websites designated by them. Please refer to such websites for details of the disclosures.

20. Employees

As at June 30, 2020, the Group had 450,337 employees (excluding temporary and seasonal staff).

Based on characteristics of different positions, the Group built various remuneration systems to meet the demand of equity within the Group and competitiveness on the market. In subsidiaries and branches of the Company, an annual salary system is adopted for the management, a positional wage system for supervisory, professional and technical positions and a positional skill-based wage system for operators and workers. In addition, subsidies are offered to those who possess more sophisticated technical and working skills. Each employee is remunerated according to the level of their job position, individual competence and contribution, and with changes in the relevant factors, such remuneration will also be adjusted in a timely manner.

The Group has been consistently focused on employee training as an important means of achieving a robust company strategy based on talent. It serves to increase the calibre of its staff and its competitiveness and helps to build a harmonious enterprise. Employee training of the Group covers basic concepts, policies and regulations, knowledge required for a job position, safety awareness, cultural knowledge and technical skills as a fundamental basis. In practice, training revolves around four comprehensive programmes, namely, competences-building directed at the management, technical innovation at professional and technical staff, skill enhancement at operators and workers and internationalisation of talent. These training efforts are multi-dimensional and diversified in approaches, which can better cater to the Group's development requirements and its needs for building high-calibre working teams.

21. Shareholders' Meetings

On March 25, 2020, the Company held the First Extraordinary General Meeting in 2020 at Beijing Talimu Petroleum Hotel. One resolution of cumulative voting was passed and approved by way of voting at the meeting, among which, one ordinary resolution was passed and approved by more than half of the votes. The details are set out in the announcement published by the Company on the website of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively, on March 25, 2020 named Announcement of Resolutions Passed at the First Extraordinary General Meeting of PetroChina in 2020.

On June 11, 2020, the Company convenes 2019 annual general meeting pursuant to the Articles of Association at V-Continent Wuzhou Hotel, Beijing. Ten resolutions of non-cumulative voting and three resolution of cumulative voting were passed and approved at the meeting, among which, ten ordinary resolutions were passed and approved by more than half of the votes, three special resolutions were passed and approved by more than two thirds of the votes. The details are set out in the announcement published by the Company on the website of the Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively, on June 11, 2020 named Announcement of Resolutions Passed at the 2019 Annual General Meeting of PetroChina.

22. Risk Factors

In its course of production and operation, the Group actively took various measures to avoid and mitigate various types of risks. However, in practice, it may not be possible to prevent all risks and uncertainties completely.

(1) Industry Regulations and Tax Policies Risk

The PRC government exercises supervision over the domestic oil and natural gas industry, and its regulatory policies will affect the Group's operating activities such as obtaining the exploration and production licences, the payment of industry-specific taxes and levies, and the implementation of environmental policies and safety standards. Any future changes in the policies of the PRC government in the oil and natural gas industry may also have an impact on the Group's operations.

Taxes and levies are one of the major external factors affecting the operations of the Group. The PRC government has been actively implementing taxation reforms, which may lead to future changes in the taxes and levies relating to the operations of the Group, thereby affecting the operating results of the Group.

(2) Price Fluctuations of Oil and Gas Risk

The Group is engaged in a wide range of oil and gas products-related activities and part of its oil and gas products demands are met through external purchases in international market. The prices of crude oil, refined products and natural gas in the international market are affected by various factors such as changes in global and regional politics and economy, demand and supply of oil and gas, as well as unexpected events and disputes with international repercussions. The prices of domestic crude oil are determined by reference to the international prices of crude oil. The prices of domestic refined products are adjusted to reflect the price changes in the international crude oil market. Domestic natural gas prices implements the guidance prices of the PRC government.

(3) Foreign Exchange Rate Risk

The Group conducts its business primarily in Renminbi in the PRC, but it keeps certain foreign currencies to pay for the imported crude oil, equipment and other raw materials as well as to repay financial liabilities denominated in foreign currencies. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. The exchange rates of Renminbi are affected by domestic and international economic and political changes, and demand and supply for Renminbi. Future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, which in turn would affect the operating results and financial position of the Group.

(4) Market Competition Risk

The Group has distinctive advantages in resources, and is in a leading position in the oil and gas industry in the PRC. At present, major competitors of the Group are other large domestic oil and petrochemical producers and distributors. With the gradual opening up of the domestic oil and petrochemical market, large foreign oil and petrochemical companies have become competitors of the Group in certain regions and segments. The Group has been in a leading position in the exploration and production business and natural gas and pipeline business in China, but the Group is facing relatively intense competition in refining, chemicals and marketing of refined products businesses.

(5) Uncertainty of the Oil and Gas Reserves Risk

According to industry characteristics and international practices, both the crude oil and natural gas reserve data disclosed by the Group are estimates only. The Group has engaged internationally recognised valuers to evaluate the crude oil and natural gas reserves of the Group on a regular basis. However, the estimates of the reserves depends on a number of factors, assumptions and variables, such as the quality and quantity of technical and economic data, the prevailing oil and gas prices of the Group etc., many of which are beyond the control of the Group and may be adjusted over time. The results of drilling, testing and exploration after the date of the evaluation may also result in revision of the reserves data of the Group to a certain extent.

(6) Overseas Operations Risk

As the Group operates in a number of countries around the world, it is subject to the influences of different political, legal and regulatory factors prevailing in the countries of operation, including countries which are not very stable and are greatly different from developed countries in certain material aspects. The risks involved primarily include instability in political environment, taxation policies, import and export restrictions, as well as regulatory requirements.

(7) Risk Relating to Climate Change

In recent years, the oil industry has been facing ever increasing challenges posed by global climate change. A number of international, domestic and regional agreements restricting greenhouse gas emission have been signed and become effective. If China or other countries in which the Company operates take more stringent measures to reduce greenhouse gas emission, the revenue and profits earned by the Group may reduce as a result of substantial capital expenditures and taxation expenditures and increases in operating costs incurred and even the strategic investments of the Group may be subject to the unfavourable impact posed by the related laws, regulations and regulatory requirements.

(8) Hidden Hazards and Force Majeure Risk

Oil and gas exploration, development, storage and transportation and the production, storage and transportation of refined products and petrochemical products involve certain risks, which may cause unexpected or dangerous events such as personal injuries or death, property damage, environmental damage and disruption to operations, etc. The hazard risks faced by the Group correspond the expansion in the scale and area of operations. In the meantime, new regulations promulgated by the State in recent years set out higher standard for production safety. The Group has implemented a strict HSE management system and used its best endeavours to avoid the occurrence of various accidents. However, the Group cannot completely avoid potential financial losses caused by such contingent incidents. The Group has adopted strict implementation of laws and regulations of the State, and invested in a timely manner to effectively control the major safety and environmental hazards found. In addition, natural disasters such as earthquake, typhoon, tsunami and emergency public health events may cause losses to the Group's properties and personnel, and may affect the normal operations of the Group.

23. Details of Preference Shares

There was no matter concerning the preference shares requiring disclosure during the reporting period.

24. Events after the Balance Sheet Date

On July 23, 2020, the Company entered into the Framework Agreement on Transaction of Oil and Gas Pipeline Relevant Assets and 10 sub-agreements including the Equity Acquisition Agreement on PetroChina Pipeline Co., Ltd., and the Production and Operation Agreement with China Oil&Gas Pipeline Network Corporation ("PipeChina"). The Company proposes to sell its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to PipeChina for 29.9% of its equity interests (equivalent to RMB149.5 billion) and corresponding cash consideration.

Taking December 31, 2019 as the base date, the book value of the net assets disposed in this transaction attributable to owners of the Company is RMB222,880 million, and the appraised value is RMB268,705 million. The final transaction consideration is based on the appraised value, taking into account factors such as the profit and loss during the transition period, subsequent adjustment events and the timing of the delivery of initial oil and gas assets, which will be determined after audit. The transaction has been reviewed and approved by the 6th meeting of the Board of Directors of the Company of 2020 and the 4th meeting of the Supervisory Committee of the Company of 2020. Uncertainty remains since it is subject to the approval of relevant governmental authorities and the general meeting of the Company. Please refer to the announcements published by the Company on the website of Shanghai Stock Exchange numbered as Lin 2020-032 and Lin 2020-033 on July 23, 2020 and August 12, 2020, and the announcement published by the Company on the website of Hong Kong Stock Exchange for details.

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

25. Other Significant Events

(1) Impact of the Outbreak of COVID-19

January 2020 witnessed an outbreak of the COVID-19, which severely disrupted the global economy and China is set to take its toll on the Chinese economy. The Group was also significantly affected by the COVID-19, such that there has been a drastic downfall in the demand for refined oil and natural gas in the market, while the prices of crude and refined oil and natural gas have been significantly decreased, and the operation and management of oil and gas industrial chain became more complicated and difficult. The Group actively set up an anti-COVID-19 steering team to arrange in time for various steps to be taken in response, safeguarding the health of its employees in addition to safe and well-ordered production and operation, implementing special action on improving quality and enhancing profitability, controlling the capital expenditures and costs, optimizing debt settlement structure, actively promoting sales and improving profitability, and accelerating the development of domestic natural gas business, thus trying to minimize the loss arising therefrom and ensure sustainable business development in the long run.

Such matter does not affect the continuity of the business or the stability of management of the Group but had adverse effect on the sustainable and healthy development and operating results of the Group.

(2) Significant Drop of International Crude Oil Prices

In the first half of 2020, affected by multiple factors, the prices of international crude oil experienced a sharp drop that was rare in history. The average prices of North Sea Brent crude oil and WTI crude oil were US$39.95 per barrel and US$36.59 per barrel, respectively, representing a decrease of 39.4% and 36.3% year-on-year. The Group actively takes measures to deal with the risks of crude oil price fluctuations, and strives to maintain stable and healthy development of production and operations.

Such matter does not affect the continuity of business or stability of management of the Group but had adverse effect on the operating results of the Group in the first half of the year.

(3) Phased Adjustment of Price Policies of Natural Gas

On February 22, 2020, NDRC issued the Notice on Interim Reduction of Gas Cost for Non-resident Use to Support Resumption of Work and Production (Fa Gai Jia Ge [2020] No. 257) (《關於階段性降低非居民用氣成本支持企業復工複產的通知》(發改價格〔2020〕257號)) (the "Notice"), pursuant to which, to act on the government's guideline in respect of proper coordination of anti-COVID-19 efforts as well as economic and social development, the cost of non-resident use of gas will be lowered in the short term. Starting from the date thereof to June 30, 2020, off-season price policies shall be implemented in advance for the city gate prices of natural gas for non-resident use, greater price discounts shall be provided to industries, such as chemical fertilizers, which are deeply affected by the COVID-19, and the end-user prices of natural gas should reduce timely.

Such matter does not affect the continuity of the business or the stability of management of the Group but had certain impact on the operating results of the Group in the first half of the year.

(4) Continuous Implementation of Preferential Corporate Income Tax Policies for the Western Development Program

On April 23, 2020, the Ministry of Finance, the State Taxation Administration and the NDRC jointly issued the Announcement on Continuing Corporate Income Tax Policies for Enterprises of the Western Development Program (Announcement of the Ministry of Finance, State Taxation Administration and NDRC [2020] No.23) (《關於延續西部大開發企業所得稅政策的公告》(財政部 稅務總局 國家發展改革委公告 2020 年第 23 號)), clarifying that from January 1, 2021 to December 31, 2030, the corporate income tax on enterprises established in encouraged industries in the western region will be levied at a reduced rate of 15%. The previous corporate income tax preferential policies for enterprises of the western development program will be extended to the end of 2030.

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results.

(5) Issuance by the State of the Policy Relating to Special Funds for Clean Energy Development

On June 12, 2020, the Ministry of Finance issued the Interim Measures for the Management of Special Funds for Clean Energy Development (Caijian [2020] No. 190) (《清潔能源發展專項資金管理暫行辦法》(財建〔2020〕190 號)), which stipulates that using special funds to reward and subsidize for the mining of unconventional natural gas such as coalbed methane (coal gas), shale gas, and tight gas in accordance with the distribution principle of "more production and more subsidy". Subsidy will be awarded multi-step according to the excess degree for the exploitation and utilization of the previous year. If the amount of exploitation and utilization has not reached the amount of the previous year, the rewards and compensation fund will be deducted according to the degree of non-compliance; the excessive part of the unconventional natural gas produced during the heating season will be rewarded and subsidized in accordance with the principle of "more production in winter and more subsidy in winter".

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the on the sustainable and healthy development and operating results of the Group.

(6) Issuance by the State of the Export Tax Rebate Policy for Fuel Oil

On January 22, 2020, the Ministry of Finance, the State Taxation Administration and the General Administration of Customs issued the Notice on the Policy on Implementing Export Tax Rebates for Bunkering Fuel Oil on International Shipping Vessels (No.4 Announcement of the Ministry of Finance, the State Taxation Administration, the General Administration of Customs in 2020) (《關於對國際航行船舶加注燃料油實行出口退稅政策的公告》(財政部 稅務總局 海關總署公告 2020 年第 4 號)),

clarifying that refuelling international shipping vessels at coastal ports of China will be entitled to export tax rebate/exemption, with the VAT export rebate rate being 13%. According to the Provisional Regulations on Consumption Tax, taxable export consumption goods are exempt from consumption tax. The announcement was implemented as from February 1, 2020.

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development and operating results of the Group.

(7) Regulating the Collection and Management of Taxes on Refined Oil

On June 12, 2020, NDRC and the National Energy Administration issued the Guiding Opinions on Effectively Guaranteeing Energy Security in 2020 (Fa Gai Yun Xing [2020] No.900) (《關於做好2020年能源安全保障工作的指導意見》(發改運行〔2020〕900號)), proposing to intensify the crackdown on smuggling, tax evasion and other illegal activities concerning refined oil products to maintain market order. For local oil refineries that are qualified for importing and using crude oil but have committed serious tax evasion or other violations, their qualification will be cancelled once their evasion or violation is verified by the law enforcement departments, so as to create a market environment of fair competition.

Such matter does not affect the continuity of the business or the stability of management of the Group and is conducive to the sustainable and healthy development of the Group and achieving sustainable and positive operating results.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Change of Directors, Supervisors and Senior Management of the Company

On January 19, 2020, Mr. Wang Yilin resigned as Chairman of the Board and Director of the Company due to his age.

On March 9, 2020, the Company convened the second meeting of the Board in 2020, appointing Mr. Duan Liangwei as the President of the Company.

On March 25, 2020, the Company convened the first interim extraordinary general meeting in 2020, electing Mr. Dai Houliang, Mr. Li Fanrong and Mr. Lv Bo as Directors of the Company; at the same date, the Company convened the third meeting of the Board of Directors, electing Mr. Dai Houliang as Chairman of the Board of Directors of the Company and Mr. Li Fanrong as Vice Chairman of the Board of Directors of the Company.

On April 3, 2020, Mr. Wang Zhongcai resigned as Vice President of the Company due to his age.

On June 11, 2020, the Company convened the 2019 annual general meeting, at which Mr. Liu Yuezhen and Mr. Duan Liangwei were elected as Directors of the Company, Ms. Elsie Leung Oi-sie, Mr. Tokuchi Tatsuhito, Mr. Simon Henry, Mr. Cai Jinyong and Mr. Jiang, Simon X. as independent non-executive Directors of the Company, and Mr. Xu Wenrong, Mr. Zhang Fengshan, Mr. Jiang Lifu, Mr. Lu Yaozhong and Mr. Wang Liang as Supervisors of the Company.

On June 11, 2020, in a democratic election by the employee representatives of the Company, Mr. Fu Suotang, Mr. Li Jiamin, Mr. Liu Xianhua and Mr. Li Wendong were elected as employee representative Supervisors of the Company.

2. Basic Particulars of the Current Directors, Supervisors and Other Senior Management

Directors

Name	Gender	Age	Position
Dai Houliang	Male	56	Chairman of the Board
Li Fanrong	Male	56	Vice Chairman of the Board and Non-executive Director
Liu Yuezhen	Male	58	Non-executive Director
Lv Bo	Male	57	Non-executive Director
Jiao Fangzheng	Male	57	Non-executive Director
Duan Liangwei	Male	52	Executive Director and President
Elsie Leung Oi-sie	Female	81	Independent Non-executive Director
Tokuchi Tatsuhito	Male	67	Independent Non-executive Director
Simon Henry	Male	58	Independent Non-executive Director
Cai Jinyong	Male	61	Independent Non-executive Director
Jiang, Simon X.	Male	66	Independent Non-executive Director

Supervisors

Name	Gender	Age	Position
Xu Wenrong	Male	58	Chairman of the Supervisory Committee
Zhang Fengshan	Male	59	Supervisor
Jiang Lifu	Male	56	Supervisor
Lu Yaozhong	Male	55	Supervisor
Wang Liang	Male	57	Supervisor
Fu Suotang	Male	58	Supervisor appointed by employees' representatives
Li Jiamin	Male	56	Supervisor appointed by employees' representatives
Liu Xianhua	Male	57	Supervisor appointed by employees' representatives
Li Wendong	Male	56	Supervisor appointed by employees' representatives

Other Senior Management

Name	Gender	Age	Position
Sun Longde	Male	58	Vice President
Wu Enlai	Male	60	Board Secretary
Li Luguang	Male	58	Vice President
Tian Jinghui	Male	57	Vice President
Chai Shouping	Male	58	Chief Financial Officer
Ling Xiao	Male	56	Vice President
Yang Jigang	Male	57	Vice President

3. Shareholdings of the Directors, Supervisors and Senior Management

As at June 30, 2020, no current Directors, Supervisors or other Senior Management of the Company or outgoing Directors, Supervisors or other Senior Management of the Company during the reporting period held any shares of the Company.

RELEVANT INFORMATION ON CORPORATE BONDS

1. Information on Corporate Bonds Issued But Not Yet Due

(1) All the corporate bonds of the Company which have been issued and listed on the stock exchange but have not yet been due as at the approval date of this interim report include the 2012 Corporate Bonds (First Tranche) of PetroChina Company Limited (the "2012 Corporate Bonds (First Tranche)")(ten-year term and fifteen-year term), the 2013 Corporate Bonds (First Tranche) of PetroChina Company Limited (the "2013 Corporate Bonds (First Tranche)")(ten-year term), the 2016 Corporate Bonds (First Tranche) of PetroChina Company Limited (the "2016 Corporate Bonds (First Tranche)"), the 2016 Corporate Bonds (Second Tranche) of PetroChina Company Limited (the "2016 Corporate Bonds (Second Tranche)"), the 2016 Corporate Bonds (Third Tranche) of PetroChina Company Limited (the "2016 Corporate Bonds (Third Tranche)"), and the 2017 Corporate Bonds (First Tranche) of PetroChina Company Limited (the "2017 Corporate Bonds (First Tranche)"), and the details of which are set out below:

Items	Abbreviated Form	Code	Date of Issue	Maturity Date	Amount (RMB 100 million)	Interest Rate (%)	Mode of Repayment	Stock Exchange for Listing
2012 Corporate Bonds (First Tranche) (10-year term)	12 PetroChina 02	122210.SH	November 22, 2012	November 22, 2022	20	4.90	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2012 Corporate Bonds (First Tranche) (15-year term)	12 PetroChina 03	122211.SH	November 22, 2012	November 22, 2027	20	5.04	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2013 Corporate Bonds (First Tranche) (10-year term)	13 PetroChina 02	122240.SH	March 15, 2013	March 15, 2023	40	4.88	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (First Tranche) (5-year term)	16 PetroChina 01	136164.SH	January 19, 2016	January 19, 2021	88	3.03	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (First Tranche) (10-year term)	16 PetroChina 02	136165.SH	January 19, 2016	January 19, 2026	47	3.50	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange

Items	Abbreviated Form	Code	Date of Issue	Maturity Date	Amount (RMB 100 million)	Interest Rate (%)	Mode of Repayment	Stock Exchange for Listing
2016 Corporate Bonds (Second Tranche) (5-year term)	16 PetroChina 03	136253.SH	March 3, 2016	March 3, 2021	127	3.15	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (Second Tranche) (10-year term)	16 PetroChina 04	136254.SH	March 3, 2016	March 3, 2026	23	3.70	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (Third Tranche) (5-year term)	16 PetroChina 05	136318.SH	March 24, 2016	March 24, 2021	95	3.08	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (Third Tranche) (10-year term)	16 PetroChina 06	136319.SH	March 24, 2016	March 24, 2026	20	3.60	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2017 Corporate Bonds (First Tranche)	17 PetroChina 01	143255.SH	August 18, 2017	August 18, 2020	20	4.30	Annual payment of interest, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange

(2) Subscribers

Qualified investors who meet the requirements of the laws and regulations.

(3) Payment of Interest

During the current reporting period, with regard to all the corporate bonds of the Company, interest was paid on schedule without any delay or inability in payment of interest.

The interest of 2012 Corporate Bonds (First Tranche) formally started to accrue on November 22, 2012. Its first payment date was November 22, 2013. No payment of interest was due during the reporting period.

The interest of the 2013 Corporate Bonds (First Tranche) formally started to accrue on March 15, 2013. Its first payment date was March 15, 2014 and its payment date within the reporting period was March 15, 2020 (which was not a trading day, resulting in the actual payment date being March 16, 2020) in an amount of RMB195.20 million.

The interest of the 2016 Corporate Bonds (First Tranche) formally started to accrue on January 19, 2016, and its first payment date was January 19, 2017. The interest payment date during the reporting period was

January 19, 2020 (which was not a trading day, resulting in the actual payment date being January 20, 2020) in an amount of RMB431.14 million.

The interest of the 2016 Corporate Bonds (Second Tranche) formally started to accrue on March 3, 2016, and its first payment date was March 3, 2017. The interest payment date during the reporting period was March 3, 2020 in an amount of RMB485.15 million.

The interest of the 2016 Corporate Bonds (Third Tranche) formally started to accrue on March 24, 2016, and its first payment date was March 24, 2017. The interest payment date during the reporting period was March 24, 2020 in an amount of RMB364.60 million.

The interest of 2017 Corporate Bonds (First Tranche) formally started to accrue on August 18, 2017. Its first payment date was August 18, 2018. No payment of interest was due during the reporting period.

2. Relevant Information on the Bond Trustees and the Credit Rating Agency

(1) Bond Trustees

1. 2012 Corporate Bonds (First Tranche), 2013 Corporate Bonds (First Tranche) and 2017 Corporate Bonds (First Tranche)

Bond Trustee: CITIC Securities Company Limited
Legal Representative: Zhang Youjun
Contact Persons: Zhao Wei, Han Bing, Sun Xiaobo
Office Address: CITIC Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing
Tel.: 010-60836701
Fax: 010-60833504

2. 2016 Corporate Bonds (First Tranche)

Bond Trustee: China Galaxy Securities Co., Ltd.
Legal Representative: Chen Gongyan
Contact Persons: Xu Jinjun, Zhang Fan, Yu Junqin
Office Address: 2/F, Tower C, International Enterprise Mansion, 35 Finance Street, Xicheng District, Beijing
Tel.: 010-66568206, 010-83574533
Fax: 010-66568704

3. 2016 Corporate Bonds (Second Tranche) and 2016 Corporate Bonds (Third Tranche)

Bond Trustee: China Securities Co., Ltd.
Legal Representative: Wang Changqing
Contact Persons: Du Meina, Guo Yan, Wang Chonghe, Ren Xianhao, Yin Jianchao, Li Wenjie
Office Address: 2/F, Building B, Kaiheng Center, 2 Chaonei Street. Dongcheng District, Beijing
Tel.: 010-85130656, 010-85156322, 010-65608354, 010-86451097
Fax: 010-65608445

(2) Credit Rating Agency

2012 Corporate Bonds (First Tranche), 2013 Corporate Bonds (First Tranche), 2016 Corporate Bonds (First Tranche), 2016 Corporate Bonds (Second Tranche), 2016 Corporate Bonds (Third Tranche) and 2017 Corporate Bonds (First Tranche)

Credit Rating Agency: United Credit Rating Co., Ltd.
Legal Representative: Wan Huawei
Contact Persons: Liu Hongtao, Gao Peng, Luo Yi
Office Address: 10/F, PICC Building, 2 Jianguomenwai Street, Chaoyang District, Beijing
Tel.: 010-85172818
Fax: 010-85171273

3. Use of Funds Raised By Issuing Corporate Bonds

As at the end of the reporting period, the use of all funds raised by corporate bonds is consistent with the purpose, plan of use and other matters as undertaken in the offering circular, and such funds have been used up.

The receipt of the funds raised by corporate bonds and the payment of principal and interest are conducted in receipt accounts or special accounts, all of which are operating normally. Meanwhile, the Company formulated plans for the use of funds raised by bonds and use such raised funds in accordance with the internal procedures for use of funds and related agreements. The relevant business departments carried out strict inspections over the use of such funds to effectively ensure that all funds are used for their designated purposes, to guarantee the smooth operation of the investment, use and audit of funds raised in order to ensure that the funds raised by bonds are used in accordance with the resolution of the shareholders' general meeting and the purpose as disclosed in the offering circular.

4. Information on Follow-up Credit Rating of Bonds

In accordance with the relevant requirements of the PRC regulatory authorities and United Credit Rating Co., Ltd. ("United Rating") in respect of follow-up credit rating, United Rating shall make a regular follow-up credit rating within two months upon the announcement of the Company's annual audit report every year during the terms of all corporate bonds of the Company, and shall also make follow-up credit ratings from time to time based on relevant circumstances during the terms of all corporate bonds of the Company. United Rating has disclosed the 2020 Track Rating Report on the Corporate Bonds of PetroChina at the Shanghai Stock Exchange, and the result of such rating is AAA, with a stable rating outlook. Investors are reminded to pay close attention to those ratings.

During the reporting period, there was no difference in credit rating by the credit rating agencies of other bonds and debt financing instruments issued by the Company in the PRC.

5. Credit Enhancement Mechanism, Debt Repayment Plan and Safeguard Measures for Debt Repayment

During the reporting period, the debt repayment plan and the safeguard measures for debt repayment were consistent with the provisions and relevant undertakings as set out in the offering circulars without any change. Special accounts for debt repayment were set up and funds for debt repayment were withdrawn in accordance with the relevant provisions.

CNPC provided credit guarantee for the 2012 Corporate Bonds (First Tranche) and the 2013 Corporate Bonds (First Tranche) of the Company. Please refer to the annual report disclosed by CNPC for the information about the guarantor.

The 2016 Corporate Bonds (First Tranche), the 2016 Corporate Bonds (Second Tranche), the 2016 Corporate Bonds (Third Tranche) and 2017 Corporate Bonds (First Tranche) are all unsecured bonds.

6. Convening of Meetings of Bond Holders

During the reporting period, the Company had not encountered any matter requiring the convening of a bond holders' meeting and therefore did not convene any meeting for the bond holders.

7. Performance of Duties by the Bond Trustees

During the reporting period, the bond trustees performed the following duties in their capacity as a debt trustee in accordance with the provisions of the Measures for Administration of the Issue and Trading of Corporate Bonds and the Bond Trusteeship Agreement:

(1) paying continuous attention to the credit status of the Company and the guarantors as well as the implementation of the credit enhancement measures and the safeguard measures for debt repayment;

(2) supervising the use of the funds raised by the Company during the terms of bonds;

(3) carrying out overall investigation and paying continuous attention to the solvency and the effectiveness of the credit enhancement measures of the Company, and making an announcement in connection with the report on

trusteeship affairs to the market at least once every year; and

(4) continuously supervising the performance of the information disclosure obligation by the Company during the terms of bonds.

No conflict of interest has occurred on the part of the trustees in performance of their duties.

CITIC Securities Company Limited, the bond trustee of the 2012 Corporate Bonds (First Tranche), the 2013 Corporate Bonds (First Tranche) and the 2017 Corporate Bonds (First Tranche), published the 2019 trusteeship report on April 8, 2020 and such disclosure was made in the Shanghai Stock Exchange.

China Galaxy Securities Co., Ltd., the bond trustee of the 2016 Corporate Bonds (First Tranche), published the 2019 trusteeship report on June 29, 2020 and such disclosure was made in the Shanghai Stock Exchange.

China Securities Co., Ltd., the bond trustee of the 2016 Corporate Bonds (Second Tranche) and 2016 Corporate Bonds (Third Tranche), published the 2019 trusteeship report on June 30, 2020 and such disclosure was made in the Shanghai Stock Exchange.

CITIC Securities Company Limited kept paying attention to significant events of the Company and published an interim trusteeship report after resignation of the Vice Chairman, Director and President of the Company and such disclosure was made in the Shanghai Stock Exchange.

China Galaxy Securities Co., Ltd. kept paying attention to significant events of the Company and published an interim trusteeship report after resignation of the Chairman, Vice Chairman, Director, President and Vice President of the Company and election of the Chairman and Vice Chairman of the Company and such disclosure was made in the Shanghai Stock Exchange.

China Securities Co., Ltd. kept paying attention to significant events of the Company and published an interim trusteeship report after resignation of the Chairman and Director of the Company and election of the Chairman, Vice Chairman and Directors of the Company and such disclosure was made in the Shanghai Stock Exchange.

8. Major Accounting Data and Financial Indicators Relating to Corporate Bonds

Items	As at June 30, 2020	As at December 31, 2019
Liquidity ratio	0.71	0.71
Quick ratio	0.45	0.43
Asset-liability ratio (%)	47.69	47.15
Items	**The First Half of 2020**	**The First Half of 2019**
EBITDA interest coverage ratio Note	12.26	19.47
Loan repayment ratio (%)	100	100
Interest coverage ratio (%)	100	100

Note: The EBITDA interest coverage ratio in the first half of 2020 decreased by 37.0% year-on-year, mainly due to the decrease in profit.

9. Mortgage, Pledge, Seizure, Freezing, Conditional Realization, Impossible Realization of Assets, Impossibility of Using Assets to Repay Debts and Other Situations and Arrangements Involving the Rights Limitation over Assets

As at the end of the reporting period, the material assets of the Company were not subject to limitations.

10. Payment of Interest on Other Bonds and Debt Financing Instruments

During the reporting period, the interest on other bonds and debt financing instruments of the Company was paid on schedule, without any delay or inability in the payment of interest and principals.

11. Credits Granted by Banks, Use of Credit Facilities and Repayment of Bank Loans

The Company maintains a good long-term partnership with banks and other financial institutions and accordingly obtains relatively high credit lines, resulting in developing a strong indirect debt financing capacity. As at the end of the reporting period, the Company was granted a total amount of RMB454.4 billion credit facilities by a number of financial institutions, of which RMB71.5 billion were used and RMB382.9 billion remained unused.

During the reporting period, the Company repaid the bank loans on schedule, without any loan extension or forgiveness.

12. Relevant Provisions or Undertakings Stated in the Offering Circular

The Company strictly complies with the provisions of, and also performs the relevant undertakings made under, the Bond Trusteeship Agreement and the terms agreed in connection with each tranche of the relevant bonds.

13. Material Matters

During the reporting period, no material matters as set forth in Article 45 of the Measures for Administration of the Issue and Trading of Corporate Bonds occurred on the part of the Company.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2020

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	June 30, 2020 The Group	December 31, 2019 The Group	June 30, 2020 The Company	December 31, 2019 The Company
Current assets					
Cash at bank and on hand	7	113,749	110,665	21,136	6,636
Accounts receivable	8	63,550	64,184	8,365	10,072
Receivables financing	9	4,468	7,016	1,928	2,538
Advances to suppliers	10	25,631	17,038	13,888	6,980
Other receivables	11	21,929	21,199	8,915	8,997
Inventories	12	175,298	181,921	106,498	117,757
Other current assets		67,502	64,890	48,929	47,565
Total current assets		472,127	466,913	209,659	200,545
Non-current assets					
Investments in other equity instruments	13	827	930	374	437
Long-term equity investments	14	104,103	102,165	406,359	402,584
Fixed assets	15	679,145	703,414	331,978	347,649
Oil and gas properties	16	800,269	831,814	580,419	599,230
Construction in progress	17	266,228	247,996	165,044	158,823
Right-of-use assets	56	152,099	189,632	71,348	107,852
Intangible assets	18	84,313	84,832	64,101	64,530
Goodwill	19	43,139	42,808	-	-
Long-term prepaid expenses	20	10,177	10,258	9,029	8,198
Deferred tax assets	33	29,391	24,259	20,378	14,725
Other non-current assets		35,806	28,169	13,782	10,571
Total non-current assets		2,205,497	2,266,277	1,662,812	1,714,599
TOTAL ASSETS		2,677,624	2,733,190	1,872,471	1,915,144

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2020 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2020 The Group	December 31, 2019 The Group	June 30, 2020 The Company	December 31, 2019 The Company
Current liabilities					
Short-term borrowings	22	79,280	70,497	51,878	66,027
Notes payable	23	13,039	13,153	10,899	12,046
Accounts payable	24	190,933	260,102	80,158	102,780
Contracts liabilities	25	92,376	82,490	55,553	54,014
Employee compensation payable	26	11,483	10,169	8,976	7,931
Taxes payable	27	44,270	67,382	27,279	42,779
Other payables	28	81,901	34,699	90,398	60,291
Current portion of non-current liabilities	29	114,562	92,879	96,580	36,799
Other current liabilities		36,279	30,048	30,373	25,882
Total current liabilities		664,123	661,419	452,094	408,549
Non-current liabilities					
Long-term borrowings	30	223,452	174,411	112,792	110,717
Debentures payable	31	91,511	116,471	87,000	113,000
Lease liabilities	56	129,417	164,143	52,008	85,449
Provisions	32	134,557	137,935	98,924	95,643
Deferred tax liabilities	33	22,058	21,418	-	-
Other non-current liabilities		11,841	12,815	5,787	6,511
Total non-current liabilities		612,836	627,193	356,511	411,320
Total liabilities		1,276,959	1,288,612	808,605	819,869
Shareholders' equity					
Share capital	34	183,021	183,021	183,021	183,021
Capital surplus	35	127,365	127,314	127,845	127,845
Special reserve		14,369	12,443	7,907	6,513
Other comprehensive income	53	(29,070)	(27,756)	1,006	979
Surplus reserves	36	197,282	197,282	186,190	186,190
Undistributed profits	37	696,049	738,124	557,897	590,727
Equity attributable to equity holders of the Company		1,189,016	1,230,428	1,063,866	1,095,275
Non-controlling interests	38	211,649	214,150	-	-
Total shareholders' equity		1,400,665	1,444,578	1,063,866	1,095,275
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,677,624	2,733,190	1,872,471	1,915,144

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2020 The Group	For the six months ended June 30, 2019 The Group	For the six months ended June 30, 2020 The Company	For the six months ended June 30, 2019 The Company
Operating income	39	929,045	1,196,259	514,116	669,127
Less: Cost of sales	39	(770,193)	(944,943)	(427,129)	(514,313)
Taxes and surcharges	40	(98,423)	(112,419)	(76,838)	(86,261)
Selling expenses	41	(32,272)	(32,901)	(22,213)	(22,535)
General and administrative expenses	42	(25,135)	(28,605)	(16,059)	(18,984)
Research and development expenses	43	(6,775)	(7,687)	(5,636)	(6,902)
Finance expenses	44	(13,505)	(14,028)	(11,103)	(10,120)
Including: Interest expenses		14,886	15,197	11,216	10,336
Interest income		1,396	1,893	351	465
Add: Other income	45	4,083	4,655	3,201	3,902
Investment income	46	1,063	5,233	17,726	18,501
Including: Income from investment in associates and joint ventures		570	4,707	1,392	2,210
Credit (losses) / reversal	47	(351)	225	(139)	265
Asset impairment (losses) / reversal	48	(8,151)	(784)	(1,967)	18
Gains on asset disposal	49	861	87	856	75
Operating (loss) / profit		(19,753)	65,092	(25,185)	32,773
Add: Non-operating income	50(a)	1,460	1,524	1,122	1,265
Less: Non-operating expenses	50(b)	(230)	(4,843)	(2,796)	(4,372)
(Loss) / profit before taxation		(18,523)	61,773	(26,859)	29,666
Less: Taxation	51	(4,804)	(22,638)	6,111	(6,917)
Net (loss) / profit		(23,327)	39,135	(20,748)	22,749
Classified by continuity of operations:					
Net (loss) / profit from continuous operation		(23,327)	39,135	(20,748)	22,749
Net profit from discontinued operation		-	-	-	-
Classified by ownership:					
Shareholders of the Company		(29,986)	28,420	(20,748)	22,749
Non-controlling interests		6,659	10,715	-	-
Other comprehensive income, net of tax		(433)	3,007	27	321
Other comprehensive income (net of tax) attributable to equity holders of the Company		(1,314)	752	27	321
(1) Item that will not be reclassified to profit or loss:					
Changes in fair value of investments in other equity instruments		(66)	138	(48)	55
(2) Items that may be reclassified to profit or loss:					
Other comprehensive income recognised under equity method		75	337	75	266
Translation differences arising from translation of foreign currency financial statements		(1,323)	277	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		881	2,255	-	-
Total comprehensive income		(23,760)	42,142	(20,721)	23,070
Attributable to:					
Equity holders of the Company		(31,300)	29,172	(20,721)	23,070
Non-controlling interests		7,540	12,970	-	-
(Loss) / earnings per share					
Basic (loss) / earnings per share (RMB Yuan)	52	(0.164)	0.155	(0.113)	0.124
Diluted (loss) / earnings per share (RMB Yuan)	52	(0.164)	0.155	(0.113)	0.124

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2020 The Group	For the six months ended June 30, 2019 The Group	For the six months ended June 30, 2020 The Company	For the six months ended June 30, 2019 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		1,055,994	1,359,181	578,461	773,837
Cash received relating to other operating activities		4,815	3,316	4,441	16,449
Sub-total of cash inflows		1,060,809	1,362,497	582,902	790,286
Cash paid for goods and services		(741,812)	(936,835)	(354,069)	(495,966)
Cash paid to and on behalf of employees		(60,409)	(61,177)	(43,123)	(46,305)
Payments of various taxes		(162,074)	(209,232)	(116,525)	(146,018)
Cash paid relating to other operating activities		(17,434)	(20,828)	(15,820)	(12,924)
Sub-total of cash outflows		(981,729)	(1,228,072)	(529,537)	(701,213)
Net cash flows from operating activities	55(a)	79,080	134,425	53,365	89,073
Cash flows from investing activities					
Cash received from disposal of investments		212	1,750	8,386	6,513
Cash received from returns on investments		2,333	3,462	17,953	17,725
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		139	446	112	437
Sub-total of cash inflows		2,684	5,658	26,451	24,675
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(109,259)	(123,715)	(69,267)	(86,099)
Cash paid to acquire investments		(4,201)	(11,916)	(9,694)	(13,256)
Sub-total of cash outflows		(113,460)	(135,631)	(78,961)	(99,355)
Net cash flows used for investing activities		(110,776)	(129,973)	(52,510)	(74,680)
Cash flows from financing activities					
Cash received from capital contributions		143	288	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		143	288	-	-
Cash received from borrowings		576,238	477,745	207,015	193,677
Sub-total of cash inflows		576,381	478,033	207,015	193,677
Cash repayments of borrowings		(515,816)	(447,904)	(179,095)	(189,803)
Cash payments for interest expenses and distribution of dividends or profits		(18,964)	(20,934)	(9,986)	(7,951)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(7,768)	(10,315)	-	-
Capital reduction of subsidiaries		-	(44)	-	-
Cash payments relating to other financing activities		(6,972)	(9,118)	(4,289)	(4,413)
Sub-total of cash outflows		(541,752)	(478,000)	(193,370)	(202,167)
Net cash flows from / (used for) financing activities		34,629	33	13,645	(8,490)
Effect of foreign exchange rate changes on cash and cash equivalents		993	201	-	-
Net increase in cash and cash equivalents	55(b)	3,926	4,686	14,500	5,903
Add: Cash and cash equivalents at the beginning of the period		86,409	85,954	4,636	13,109
Cash and cash equivalents at the end of the period	55(c)	90,335	90,640	19,136	19,012

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020

(All amounts in RMB millions unless otherwise stated)

	Shareholders' equity attributable to the Company								
Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2019	183,021	128,683	13,831	(32,397)	194,245	727,187	1,214,570	196,373	1,410,943
Adjustment for Dalian West Pacific (note6(2))	-	516	-	-	-	(1,019)	(503)	(1,264)	(1,767)
Balance at January 1, 2019 (After adjustment)	183,021	129,199	13,831	(32,397)	194,245	726,168	1,214,067	195,109	1,409,176
Changes in the six months ended June 30, 2019									
Total comprehensive income	-	-	-	752	-	28,420	29,172	12,970	42,142
Special reserve-safety fund reserve									
Appropriation	-	-	2,905	-	-	-	2,905	142	3,047
Utilisation	-	-	(674)	-	-	-	(674)	(38)	(712)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(16,472)	(16,472)	(10,380)	(26,852)
Other equity movement									
Equity transaction with non-controlling interests	-	(1,990)	-	-	-	-	(1,990)	987	(1,003)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	307	307
Disposal of subsidiaries	-	-	-	-	-	-	-	70	70
Other	-	(43)	-	-	-	-	(43)	(15)	(58)
Balance at June 30, 2019	183,021	127,166	16,062	(31,645)	194,245	738,116	1,226,965	199,152	1,426,117

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2020 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

Items	Shareholders' equity attributable to the Company								
	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2020	183,021	127,314	12,443	(27,756)	197,282	738,124	1,230,428	214,150	1,444,578
Changes in the six months ended June 30, 2020									
Total comprehensive income	-	-	-	(1,314)	-	(29,986)	(31,300)	7,540	(23,760)
Special reserve-safety fund reserve									
Appropriation	-	-	2,938	-	-	-	2,938	189	3,127
Utilisation	-	-	(1,012)	-	-	-	(1,012)	(48)	(1,060)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(12,081)	(12,081)	(10,481)	(22,562)
Other equity movement									
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	143	143
Disposal of subsidiaries	-	1	-	-	-	-	1	(62)	(61)
Other	-	50	-	-	-	(8)	42	220	262
Balance at June 30, 2020	183,021	127,365	14,369	(29,070)	197,282	696,049	1,189,016	211,649	1,400,665

The accompanying notes form an integral part of these financial statements.

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Duan Liangwei	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN SHAREHOLDRS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Other comprehen-sive income	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at January 1, 2019	183,021	127,859	7,373	505	183,153	594,169	1,096,080
Changes in the six months ended June 30, 2019							
Total comprehensive income	-	-	-	321	-	22,749	23,070
Special reserve-safety fund reserve							
Appropriation	-	-	1,921	-	-	-	1,921
Utilisation	-	-	(431)	-	-	-	(431)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(16,472)	(16,472)
Other equity movement	-	-	-	-	-	(39)	(39)
Balance at June 30, 2019	183,021	127,859	8,863	826	183,153	600,407	1,104,129
Balance at January 1, 2020	183,021	127,845	6,513	979	186,190	590,727	1,095,275
Changes in the six months ended June 30, 2020							
Total comprehensive income	-	-	-	27	-	(20,748)	(20,721)
Special reserve-safety fund reserve							
Appropriation	-	-	2,009	-	-	-	2,009
Utilisation	-	-	(615)	-	-	-	(615)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(12,081)	(12,081)
Other equity movement	-	-	-	-	-	(1)	(1)
Balance at June 30, 2020	183,021	127,845	7,907	1,006	186,190	557,897	1,063,866

The accompanying notes form an integral part of these financial statements.

Chairman Dai Houliang	Director and President Duan Liangwei	Chief Financial Officer Chai Shouping

1 COMPANY BACKGROUND

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by 中國石油天然氣集團公司 (China National Petroleum Corporation ("CNPC")) as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 ("CNPC" before and after the change of name) on December 19, 2017. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

The Group is principally engaged in (i) the exploration, development and production and marketing of crude oil and natural gas; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products; (iii) the marketing of refined products and trading business; and (iv) the transmission of natural gas, crude oil and refined products and the sale of natural gas. The principal subsidiaries of the Group are listed in Note 6(1).

2 BASIS OF PREPARATION

The financial statements of the Group are prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance ("the MOF") and other regulations issued thereafter (hereafter referred to as the "Accounting Standard for Business Enterprises", "China Accounting Standards" or "CAS"). The financial statements have been prepared on the going concern basis.

3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company's financial statements for the six months ended June 30, 2020 truly and completely present the financial position of the Group and the Company as of June 30, 2020 and their financial performance and their cash flows for the six months then ended in compliance with the Accounting Standards for Business Enterprises.

These financial statements also comply with the disclosure requirements of the financial statements and notes of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

4 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting Period

The accounting period of the Group starts on January 1 and ends on December 31.

(2) Operating Cycle

The Company takes the period from the exploration or acquisition of the crude oil, natural gas and other assets for exploring, transporting and processing and etc. to their realisation in cash and cash equivalent as a normal operating cycle.

(3) Recording Currency

The recording currency of the Company and most of its subsidiaries is Renminbi (“RMB”). The Group’s consolidated financial statements are presented in RMB.

(4) Measurement Properties

Generally are measured at historical cost unless otherwise stated at fair value, net realisable value or present value of the estimated future cash flow expected to be derived.

(5) Foreign Currency Translation

(a) Foreign currency transactions

Foreign currency transactions are translated into RMB at the exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated into RMB at the exchange rates prevailing at the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss except for those arising from foreign currency specific borrowings for the acquisition, construction of qualifying assets in connection with capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies measured at historical cost are translated into RMB at the historical exchange rates prevailing at the date of the transactions at the balance sheet date. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of financial statements represented in foreign currency

Assets and liabilities of each balance sheet of the foreign operations are translated into RMB at the closing rates at the balance sheet date, while the equity items are translated into RMB at the exchange rates at the date of the transactions, except for the retained earnings and the translation differences in other comprehensive income. Income and expenses for each income statement of the foreign operations are translated into RMB at the approximate exchange rates at the date of the transactions. The currency translation differences resulted from the above-mentioned translations are recognised as other comprehensive income. The cash flows of overseas operations are translated into RMB at the approximate exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(6) Cash and Cash Equivalents

Cash and cash equivalents refer to all cash on hand and deposit held at call with banks, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instrument

Financial instruments include cash at bank and on hand, equity securities other than those classified as long-term equity investments, accounts receivables, accounts payables, borrowings, debentures payable and share capital, etc.

(a) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Accounts receivable without a significant financing component is initially measured at the transaction price according to Note 4(22).

(b) Classification and subsequent measurement of financial assets

(i) Classification of the financial assets held by the Group

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to designate it as a financial assets at FVOCI. This election is made on an investment-by-investment basis, and from the perspective of the issuer, related investment is in line with the definition of equity instruments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The business model in which a financial asset is managed refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group determines the business model for managing financial assets according to the facts and based on the specific business objectives for the managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual cash flow characteristics of the instrument. For the purposes of this assessment, "principal" is defined as the fair value of the financial assets at initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of the financial assets

- Financial assets at FVTPL:

These financial assets are subsequently measured at fair value. Gains and losses, including any interest or dividend income, are recognised in profit or loss, unless the financial assets are a part of hedging relationship.

- Financial assets measured at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. Gains or losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI:

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised in profit or loss. Other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL:

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost:

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;

- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;

- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;

- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(f) Impairment

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost , contract assets and debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity investments at FVTPL, equity investments designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments that have low credit risk for which credit risk has not increased significantly since initial recognition, and at an amount equal to lifetime ECL for trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information.

(ii) Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(iii) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

(iv) Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(v) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, according to the Group's procedures for recovery of amounts due, financial assets that are written off could still be subject to enforcement activities.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(g) Determination of financial instruments' fair value

Regarding financial instruments, for which there is an active market, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If there is no active market for a financial instrument, valuation techniques shall be adopted to determine the fair value.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(8) Inventories

Inventories include crude oil and other raw materials, work in progress, finished goods and turnover materials, and are measured at the lower of cost and net realisable value.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Cost of inventories is determined primarily using the weighted average method. The cost of finished goods and work in progress comprises cost of crude oil, other raw materials, direct labour and production overheads allocated based on normal operating capacity. Turnover materials include low cost consumables and packaging materials. Low cost consumables are amortised with graded amortisation method and packaging materials are expensed off in full.

Provision for decline in the value of inventories is measured as the excess of the carrying value of the inventories over their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

The Group adopts perpetual inventory system.

(9) Long-term Equity Investments and Joint Operations

Long-term equity investments comprise the Company's equity investments in subsidiaries, and the Group's equity investments in joint ventures and associates.

Long-term equity investments acquired through business combinations: For a long-term equity investment acquired through a business combination under common control, the proportionate share of the carrying value of shareholders' equity of the combined entity in the consolidated financial statements of the ultimate controlling party shall be treated as initial cost of the investment on the acquisition date. For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

Long-term equity investments acquired through other than business combinations: For an acquisition settled in cash, the initial cost of investment shall be the actual cash consideration paid. For an acquisition settled by the issuance of equity securities, the initial cost of investment shall be the fair value of equity securities issued.

(a) Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the Company and are consolidated after being adjusted by the equity method accounting in consolidated financial statements.

Long-term equity investments accounted for at cost are measured at the initial investment cost unless the investment is classified as held for sale. The cash dividends or profit distributions declared by the investees are recognised as investment income in the income statement.

A listing of the Group's principal subsidiaries is set out in Note 6(1).

(b) Joint ventures and associates

Joint ventures are arrangements whereby the Group and other parties have joint control and rights to the net assets of the arrangements. Associates are those in which the Group has significant influence over the financial and operating policies.

The term “joint control” refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The term “significant influence” refers to the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties.

The investments in joint ventures and associates are accounted for using the equity method accounting. The excess of the initial cost of the investment over the share of the fair value of the investee’s net identifiable assets is included in the initial cost of the investment. While the excess of the share of the fair value of the investee’s net identifiable assets over the cost of the investment is instead recognised in profit or loss in the period in which the investment is acquired and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method accounting, the Group’s share of its investees’ post-acquisition profits or losses and other comprehensive income is recognised as investment income or losses and other comprehensive income respectively. When the Group’s share of losses of an investee equals or exceeds the carrying amount of the long-term equity investment and other long-term interests which substantively form the net investment in the investee, the Group does not recognise further losses as provisions, unless it has obligations to bear extra losses which meet the criteria of recognition for liabilities according to the related standards for contingencies. Movements in the investee owner’s equity other than profit or loss, other comprehensive income and profit distribution should be proportionately recognised in the Group’s equity, provided that the share interest of the investee remained unchanged. The share of the investee’s profit distribution or cash dividends declared is accounted for as a reduction of the carrying amount of the investment upon declaration. The profits or losses arising from the intra-Group transactions between the Group and its investees are eliminated to the extent of the Group’s interests in the investees, on the basis of which the investment income or losses are recognised. The unrealised loss on the intra-Group transaction between the Group and its investees, of which nature is asset impairment, is recognised in full amount, and the relevant unrealised loss is not allowed to be eliminated.

(c) Impairment of long-term equity investments

For investments in subsidiaries, joint ventures and associates, if the recoverable amount is lower than its carrying amount, the carrying amount shall be written down to the recoverable amount (Note 4(16)). After an impairment loss has been recognised, it shall not be reversed in future accounting periods for the part whose value has been recovered.

(All amounts in RMB millions unless otherwise stated)

(d) Joint Operations

A joint operation is an arrangement whereby the Group and other joint operators have joint control and the Group has rights to the assets and obligation for the liabilities, relating to the arrangement.

The Group recognises items related to its interest in a joint operation as follows:

- its solely-held assets, and its share of any assets held jointly;
- its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its solely-incurred expenses, and its share of any expenses incurred jointly.

(10) Fixed Assets

Fixed assets comprise buildings, equipment and machinery, motor vehicles and other. Fixed assets purchased or constructed are initially recorded at cost. The fixed assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

Subsequent expenditures for fixed assets are included in the cost of fixed assets only when it is probable that in future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditures are charged to profit or loss during the financial period in which they are incurred.

Fixed assets are depreciated using the straight-line method based on the balance of their costs less estimated residual values over their estimated useful lives. For those fixed assets being provided for impairment loss, the related depreciation charge is determined based on the net value lessening the impairment recognised over their remaining useful lives.

The estimated useful lives, estimated residual value ratios and annual depreciation rates of the fixed assets are as follows:

	Estimated useful lives	Estimated residual value ratio %	Annual depreciation rate %
Buildings	8 to 40 years	5	2.4 to 11.9
Equipment and Machinery	4 to 30 years	3 to 5	3.2 to 24.3
Motor Vehicles	4 to 14 years	5	6.8 to 23.8
Other	5 to 12 years	5	7.9 to 19.0

The estimated useful lives, estimated residual values and depreciation method of the fixed assets are reviewed, and adjusted if appropriate, at year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 4(16)).

The carrying amounts of fixed assets are derecognised when the fixed assets are disposed or no future economic benefits are expected from their use or disposal. When fixed assets are sold, transferred, disposed or damaged, gains or losses on disposal are determined by comparing the proceeds with the carrying amounts of the assets, adjusted by related taxes and expenses, and are recorded in profit or loss in the disposal period.

(11) Oil and Gas Properties

Oil and gas properties include the mineral interests in properties, wells and related facilities arising from oil and gas exploration and production activities.

The costs of obtaining the mineral interests in properties are capitalised when they are incurred and are initially recognised at acquisition costs. Exploration license fee, production license fee, rent and other costs for retaining the mineral interests in properties, subsequent to the acquisition of the mineral interests in properties, are charged to profit or loss.

The Ministry of Natural Resources in China issues production licenses to applicants on the basis of the reserve reports approved by relevant authorities.

The oil and gas properties are amortised at the field level based on the unit of production method except for the mineral interests in unproved properties which are not subjected to depletion. Unit of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of production licenses.

The carrying amount of oil and gas properties other than the mineral interests in unproved properties is reduced to the recoverable amount when their recoverable amount is lower than their carrying amount. The carrying amount of the mineral interests in unproved properties is reduced to the fair value when their fair value is lower than their carrying amount (Note 4(16)).

(12) Construction in Progress

Construction in progress is recognised at actual cost. The actual cost comprises construction costs, other necessary costs incurred and the borrowing costs eligible for capitalisation to prepare the asset for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

Oil and gas exploration costs include drilling exploration costs and the non-drilling exploration costs, the successful efforts method is used for the capitalisation of the drilling exploration costs. Drilling exploration costs included in the oil and gas exploration costs are capitalised as wells and related facilities when the wells are completed and economically proved reserves are found. Drilling exploration costs related to the wells without economically proved reserves less the net residual value are recorded in profit or loss. The related drilling exploration costs for the sections of wells with economically proved reserves are capitalised as wells and related facilities, and the costs of other sections are recorded in profit or loss. Drilling exploration costs are temporarily capitalised pending the determination of whether economically proved reserves can be found within one year of the completion of the wells. For wells that are still pending determination of whether economically proved reserves can be found after one year of completion, the related drilling exploration costs remain temporarily capitalised only if sufficient reserves are found in those wells and further exploration activities are required to determine whether they are economically proved reserves or not, and further exploration activities are under way or firmly planned and are about to be implemented. Otherwise the related costs are recorded in profit or loss. If proved reserves are discovered in a well, for which the drilling exploration costs have been expensed previously, no adjustment should be made to the drilling exploration costs that were expensed, while the subsequent drilling exploration costs and costs for completion of the well are capitalised. The non-drilling exploration costs are recorded in profit or loss when incurred. Oil and gas development costs are capitalised as the respective costs of wells and related facilities for oil and gas development based on their intended use. The economically proved reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

(13) Intangible Assets and Goodwill

Intangible assets include land use rights and patents, etc., and are initially recorded at cost. The intangible assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valued amount approved by the relevant authorities managing the state-owned assets.

Land use rights are amortised using the straight-line method over 30 to 50 years. If it is impracticable to allocate the amount paid for the purchase of land use rights and buildings between the land use rights and the buildings on a reasonable basis, the entire amount is accounted for as fixed assets.

Patent and other intangible assets are initially recorded at actual cost, and amortised using the straight-line method over their estimated useful lives.

The carrying amount of intangible assets is written down to its recoverable amount when the recoverable amount is lower than the carrying amount (Note 4(16)). The estimated useful years and amortisation method of the intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each financial year-end.

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note 4(16)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(14) Research and Development

Research expenditure incurred is recognised as an expense. Costs incurred on development projects shall not be capitalised unless they satisfy the following conditions simultaneously:

- In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- It is intended by management to finish and use or sell the intangible asset;
- It is able to prove that the intangible asset is to generate economic benefits;
- With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and
- The costs attributable to the development of the intangible asset can be reliably measured.

Costs incurred on development projects not satisfying the above conditions shall be recorded in profit or loss of the current period. Costs incurred on development recorded in profit or loss in previous accounting periods shall not be re-recognised as asset in future accounting periods. Costs incurred on development already capitalised shall be listed as development expenditure in the balance sheet, which shall be transferred to intangible asset from the date when the expected purposes of use are realised.

(15) Long-term Prepaid Expenses

Long-term prepaid expenses are the expenses that should be borne by current and subsequent periods and should be amortised over more than one year. Long-term prepaid expenses are amortised using the straight-line method over the expected beneficial periods and are presented at cost less accumulated amortisation.

(16) Impairment of Non-current Assets

Fixed assets, oil and gas properties except for mineral interests in unproved properties, construction in progress, intangible assets with finite useful life, long-term equity investments, long-term prepaid expenses and right-of-use assets are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount if the impairment test indicates that the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset. Impairment should be assessed and recognised for each individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash flow.

The goodwill, presented separately in financial statements, is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing, and should be subject to impairment assessment at least on an annual basis regardless whether there exists any indicators of impairment. Where the impairment assessment indicates that, for the cash-generating unit (that includes the allocated goodwill), the recoverable amount is lower than the carrying value, then an impairment loss will be recorded.

The mineral interests in unproved properties are tested annually for impairment. If the cost incurred to obtain a single property is significant, the impairment test is performed and the impairment loss is determined on the basis of the single property. If the cost incurred to obtain a single property is not significant and the geological structure features or reserve layer conditions are identical or similar to those of other adjacent properties, impairment tests are performed on the basis of a group of properties that consist of several adjacent mining areas with identical or similar geological structure features or reserve layer conditions.

Once an impairment loss of these assets is recognised, it is not allowed to be reversed even if the value can be recovered in subsequent period.

(17) Borrowing Costs

Borrowing costs incurred that are directly attributable to the acquisition and construction of fixed assets and oil and gas properties, which require a substantial period of time for acquisition and construction activities to get ready for their intended use, are capitalised as part of the cost of the assets when capital expenditures and borrowing costs have already incurred and the activities of acquisition and construction necessary to prepare the assets to be ready for their intended use have commenced. The capitalisation of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are recognised as financial expense. Capitalisation of borrowing costs should be suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally, and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing taken specifically for the acquisition or construction activities for preparing fixed asset and oil and gas property eligible for capitalisation, the to-be-capitalised amount of interests shall be determined according to the actual costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition or construction of fixed asset and oil and gas property eligible for capitalisation, the Group shall calculate and determine the to-be-capitalised amount of interests on the general borrowing by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the weighted average actual rate of the general borrowing used. The actual rate is the rate used to discount the future cash flow of the borrowing during the expected existing period or the applicable shorter period to the originally recognised amount of the borrowing.

(18) Employee Compensation

(a) Short-term benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits-Defined Contribution Plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group has similar defined contribution plans for its employees in its overseas operations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

In addition, the Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred.

The Group has no other material obligation for the payment of pension benefits associated with schemes beyond the contributions described above.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss in a reasonable and systematic manner within the useful life of the relevant assets. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised initially as deferred income, and recognised in profit or loss or released to relevant cost in the period in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses already incurred is recognised to profit or loss or released to related cost immediately.

Government grants related to daily activities are recognised in other income or written down the related cost and expenses according to the nature of business activities. Government grants related to non-daily activities are recognised in non-operating income or expenses.

(20) Provisions

Provisions for product guarantee, quality onerous contracts etc. are recognised when the Group has present obligations, and it is probable that an outflow of economic benefits will be required to settle the obligations, and the amounts can be reliably estimated.

Provisions are measured at the best estimate of the expenditures expected to be required to settle the present obligation. Factors surrounding the contingencies such as the risks, uncertainties and the time value of money shall be taken into account as a whole in reaching the best estimate of provisions. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash flows. The increase in the discounted amount of the provision arising from the passage of time is recognised as interest expense.

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties. Interest expenses from the assets retirement obligations for each period are recognised with the effective interest method during the useful life of the related oil and gas properties.

If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in profit or loss when occurred.

(21) Income tax

Current and deferred taxes are recognised in profit or loss, except for income tax arising from business combination or transactions or events which are directly included in owners' equity (including other comprehensive income).

Current tax is the expected tax payable on the taxable income for the year, using tax rates stipulated by the tax law, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets are offset against current tax liabilities if the Group has a legal right to settle on a net basis and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences (temporary differences) arising between the tax bases of assets and liabilities and their carrying amounts. The deductible losses, which can be utilised against the future taxable profit in accordance with tax law, are regarded as temporary differences and a deferred tax asset is recognised accordingly. The deferred tax assets and deferred tax liabilities are not accounted for the temporary differences resulting from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits (or deductible loss). Deferred tax assets and deferred tax liabilities are determined using tax rates that are expected to apply to the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets of the Group are recognised for deductible temporary differences and deductible losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, to the extent that, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities which meet the following conditions shall be presented on a net basis:

- Deferred tax assets and liabilities are related to the income tax of the same entity within the Group levied by the same authority;
- This entity is legally allowed to settle its current tax assets and liabilities on a net basis.

(22) Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. For the contract which the Group grants a customer the option to acquire additional goods or services (such as, loyalty points), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The customer can control the asset created or enhanced during the Group's performance; or

- The Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- The Group has a present right to payment for the product or service;
- The Group has transferred physical possession of the goods to the customer;
- The Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- The customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (Note 4(7)(f)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Sales of goods

The Group shall recognise revenue when (or as) the customer obtains control of relevant product. Obtaining control of relevant product means that a customer can dominate the use of the product and obtain almost all the economic benefits from it.

(b) Rendering of services

The Group recognises its revenue from rendering of services on performance progress. Customers simultaneously receive the service as the Group performs its obligation over time and consume the benefits arising from the Group's performance. Otherwise, a performance obligation is satisfied at a point in time, the Group shall recognise revenue when (or as) the customer obtains control of revenue service.

(c) Loyalty points

Under its customer loyalty programme, the Group allocates a portion of the transaction price received to loyalty points that are redeemable against any future purchases of the Group's goods or services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire.

(23) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- Remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

- The costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

(24) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note 4(22).

(a) The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4(16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- There is a change in the amounts expected to be payable under a residual value guarantee;
- There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- There is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) The Group as a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease. There are no significant finance leases for the Group.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

(25) Assets held for sale and discontinued operations

(a) Assets held for sale

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criterias are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (except financial assets (see note 4(7)), deferred tax assets (see note 4(21)) and investment properties with subsequent measurement using the fair value model initially and subsequently). Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss.

(b) Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions

- It represents a separate major line of business or a separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(26) Dividend Distribution

Dividend distribution is recognised as a liability in the period in which it is approved by a resolution of shareholders' general meeting or by the board of directors authorized by shareholders' general meeting.

(27) Business Combination

A business combination is a transaction or event where the Group obtains the control of one or more enterprises (or a group of assets or net assets) that constitute a business. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

For a business combination not involving enterprises under common control, the acquirer will consider whether to adopt the simplified method of "concentration test" to determine whether the acquired asset group and others constitute a business. If the concentration test is passed, the asset group will not be deemed as a business. And if the asset group fails the test, it shall be further assessed based on other business criteria.

Where a group of assets or net assets constituting no business are acquired, the Group shall allocate the acquisition cost based on the relative fair value of each identifiable assets acquired and liabilities assumed on the acquisition date, other than adopting the following accounting treatments for business combinations.

(a) Business combination under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The net assets obtained by the acquirer are measured based on their carrying value in the consolidated financial statement of the ultimate controlling party at the combination date. The difference between the carrying value of the net assets obtained and the carrying value of the consideration is adjusted against the capital surplus. If the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

Costs incurred directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired. The combination date is the date on which one combining entity obtains control of other combining entities.

(b) Business combination not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquisition costs paid and the acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised directly in profit or loss.

Costs which are directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(28) Basis of Preparation of Consolidated Financial Statements

The scope of consolidated financial statements includes the Company and its subsidiaries controlled by the Company. Control exists when the Group has all the following: power over the investees; exposure, or rights to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary was acquired, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. And their net profit earned before the combination date shall be presented separately in the consolidated income statement.

When the accounting policies and accounting periods of subsidiaries are not consistent with those of the Company, the Company will make necessary adjustments to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods. Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

All material intercompany balances, transactions and unrealised gains within the Group are eliminated upon consolidation. The portion of the shareholders' equity or net profit of the subsidiaries that is not attributable to the Company is treated as non-controlling interests and total comprehensive income and presented separately within shareholders' equity in the consolidated balance sheet or within net profit and total comprehensive income in the consolidated income statement.

(29) Segment Reporting

The Group determines its operating segments based on its organisational structure, management requirements and internal reporting system. On the basis of these operating segments, the Group determines the reporting and disclosure of segmental information.

An operating segment refers to a component of the Group that simultaneously meet the following criteria: (1) the component can generate revenue and incur expenses in ordinary activities; (2) the component's operating results can be regularly reviewed by the Group's management to make decisions about resource allocation to the component and assess its performance; (3) the Group can obtain financial information relating to the financial position, operating results and cash flows, etc. of the component. When two or more operating segments exhibit similar economic characteristics and meet certain requirements, the Group may aggregate these operating segments into a single operating segment.

The Group also discloses total external revenue derived from other regions outside Chinese mainland and the total non-current assets located in other regions outside Chinese mainland.

(30) Related Party

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(31) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting periods are outlined below:

(a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment related to oil and gas production activities. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the income statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

(b) Estimation of impairment of fixed assets and oil and gas properties

Fixed assets and oil and gas properties are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future price of crude oil and natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profile and the oil and gas reserves. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, or not updating assumptions previously made, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production of crude oil respectively experienced in the future, the Group may either over or under recognise the impairment losses for certain assets.

(c) Estimation of impairment of goodwill

The recoverable amount cash-generating unit containing goodwill is the greater of its value in use and the fair value less costs to sell. It is difficult to precisely estimate selling price of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to forecast sales volume, selling price and operating costs, and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions. Changes to key assumptions can significantly affect the result of the impairment assessment of goodwill.

(d) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price level, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of oil and gas properties and estimates of discount rates. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

(e) Deferred tax assets

According to the requirements of the competent tax authority, the Company paid income taxes of its branches in the Eastern and Western China Regions in aggregate. The tax losses recorded by the branches in the Eastern China Region has given rise to deferred tax assets, which are expected to be recoverable from future taxable profits generated by the branches in the Eastern China Region. Any policy adjustments may increase or decrease the amount of income tax expenses of the Company.

(All amounts in RMB millions unless otherwise stated)

(32) Changes in significant accounting policies

In 2020, the Group has adopted relevant provisions of the Interpretation No. 13 of the Accounting Standards for Business Enterprises (Caikuai [2019] No. 21) ("Interpretation No. 13") issued by the Ministry of Finance.

Interpretation No. 13 revised three elements that constitute a business, detailed the definition of a business and introduced an optional "concentration test" for acquirers involved in business combinations not involving enterprises under common control to identify whether an acquired business activity or asset group is a business.

In addition, Interpretation No. 13 further clarified that the related parties of the company shall include joint ventures or associates of other group members (the parent and subsidiaries included) and other joint ventures or associates of investors obtaining common control over the company.

The effective date of Interpretation No. 13 is January 1, 2020 and a prospective application of the above changes of accounting policies have been made by the Group. The adoption of Interpretation No. 13 has no material effect on the financial position, financial performance and related party disclosures of the Group.

5 TAXATION

The principal taxes and related tax rates of the Group are presented as below:

Types of taxes	Tax rate	Tax basis and method
Value-Added Tax (the "VAT")	16% or 13%, 10% or 9%, 6%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	6%	Based on the revenue from sales of crude oil and natural gas.
Consumption Tax	Based on quantities	Based on sales quantities of taxable products. RMB 1.52 yuan per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB 1.2 yuan per litre for diesel and fuel oil.
Corporate Income Tax	5% to 82%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual paid VAT and consumption tax.

The MOF, the State Administration of Taxation ("SAT") and the General Administration of the Customs jointly issued the Notice on Deepening the Policies Related to Value-Added Tax Reform (Notice No.39 of 2019 of the MOF, the SAT and the General Administration of Customs) on March 20, 2019. Since April 1, 2019, the tax rate for the occurrence of a taxable sale or imported goods by a taxpayer, was adjusted respectively from 16% and 10% to 13% and 9%.

Pursuant to the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the SAT on Issues Concerning a Proportionate Refund of VAT on Imported Natural Gas between 2011 and 2020 as well as Natural Gas Imported from Central Asia before the end of 2010 (Cai Guan Shui [2011] No.39), if the price of imported natural gas under any state-sanctioned natural gas import program is higher than the selling price fixed by the State, the VAT as paid by the Group on imported natural gas (including LNG) under the above program is refunded on a pro-rata basis by reference to the extent of the import price above the selling price fixed by the State.

The MOF and SAT issued the Notice on Reduction of Resource Tax Assessed on Shale Gas (Cai Shui [2018] No.26) on March 29, 2018. Pursuant to such notice, in order to promote the development and utilization of shale gas and effectively increase natural gas supply, from April 1, 2018 to March 31, 2021, a reduction of 30% will apply to the resource tax assessed on shale gas (at the prescribed tax rate of 6%).

Pursuant to the Notice from the MOF on the Increase of the Threshold of the Crude Oil Special Gain Levy (Cai Shui [2014] No. 115), the threshold of the crude oil special gain levy shall be US$65, which has 5 levels and is calculated and charged according to the progressive and valorem rates on the excess amounts from January 1, 2015.

In accordance with the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the SAT on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No.58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%. The MOF, the SAT and the NDRC issued the Announcement on Continuing the Income Tax Policy for Western Development (Notice No.23 of 2020 of Cai Zheng Bu), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2021 to December 31, 2030.

(All amounts in RMB millions unless otherwise stated)

6 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Principal subsidiaries

Company name	Acquisition method	Country of incorporation	Registered capital	Principal activities	Type of legal entity	Legal representative	Closing effective investment cost	Attributable equity interest %	Attributable voting rights %	Consolidated or not
Daqing Oilfield Company Limited	Established	PRC	47,500	Exploration, production and sale of crude oil and natural gas	Limited liability company	Sun Longde	66,720	100.00	100.00	Yes
CNPC Exploration and Development Company Limited (i)	Business combination under common control	PRC	16,100	Exploration, production and sale of crude oil and natural gas outside the PRC	Limited liability company	Ye Xiandeng	23,778	50.00	57.14	Yes
PetroChina Hong Kong Limited	Established	HK	HK Dollar ("HKD") 7,592 million	Investment holding. The principal activities of its subsidiaries, associates and joint ventures are the exploration, production and sale of crude oil in and outside the PRC as well as natural gas sale and transmission in the PRC	Limited liability company	N/A	25,590	100.00	100.00	Yes
PetroChina International Investment Company Limited	Established	PRC	31,314	Investment holding. The principal activities of its subsidiaries associates and joint ventures are the exploration, development and production of crude oil, natural gas, oilsands and coalbed methane outside the PRC	Limited liability company	Ye Xiandeng	31,314	100.00	100.00	Yes
PetroChina International Company Limited	Established	PRC	18,096	Marketing of refined products and trading of crude oil and petrochemical products, storage, investment in refining, chemical engineering, storage facilities, service station, and transportation facilities and related business in and outside the PRC	Limited liability company	Tian Jinghui	18,953	100.00	100.00	Yes
PetroChina Pipelines Company Limited	Established	PRC	80,000	Oil and gas pipeline transportation, investment holding, import and export of goods, agency of import and export, import and export of technology, technology promotion service, professional contractor, main contractor	Limited liability company	Ling Xiao	109,216	72.26	72.26	Yes

(i) The Company consolidated the financial statements of the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(All amounts in RMB millions unless otherwise stated)

(2) Business combination involving entities under common control

The Company acquired part of the equity in Dalian West Pacific Petrochemical Co., Ltd. ("Dalian West Pacific"). The industrial and commercial registration of the acquisition was completed on May 17, 2019. Before the acquisition date, the Company holds 28.436% equity of Dalian West Pacific. After the completion of the equity acquisition, the Company holds 84.475% equity of Dalian West Pacific in total.

As the Company and Dalian West Pacific are under the ultimate control of CNPC and the control is not temporary. The acquisition of Dalian West Pacific has been reflected in the accompanying consolidated financial statements as combination of entities under common control. Consequently, Dalian West Pacific has been included in the scope of consolidation during the historical period. The opening balance of the interim consolidated financial statements for the six months ended June 30, 2019 and the comparative statements have been adjusted accordingly.

(3) Exchange rates of international operations' major financial statement items

	Assets and liabilities	
Company name	June 30, 2020	December 31, 2019
PetroKazakhstan Inc.	USD 1=7.0795 yuan	USD 1=6.9762 yuan
PetroChina Hong Kong Limited	HKD 1=0.9134 yuan	HKD 1=0.8958 yuan
Singapore Petroleum Company Limited	USD 1=7.0795 yuan	USD 1=6.9762 yuan

Equity items except for the retained earnings, revenue, expense and cash flows items are translated into RMB at the exchange rates at the date of the transactions or the approximate exchange rates at that date.

7 CASH AT BANK AND ON HAND

	June 30, 2020	December 31, 2019
Cash on hand	29	34
Cash at bank	112,427	109,567
Other cash balances	1,293	1,064
	113,749	110,665

The Group's cash at bank and on hand included the following foreign currencies as of June 30, 2020:

	Foreign currency	Exchange rate	RMB equivalent
USD	5,803	7.0795	41,082
HKD	18,178	0.9134	16,605
Tenge	14,908	0.0174	260
Other			822
			58,769

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2019:

(All amounts in RMB millions unless otherwise stated)

	Foreign currency	Exchange rate	RMB equivalent
USD	9,698	6.9762	67,655
HKD	5,152	0.8958	4,615
Tenge	7,970	0.0183	146
Other			1,240
			73,656

The Group's cash at bank and on hand in foreign currencies mainly comprise cash at bank.

The Group's cash at bank and on hand included margin account deposits with carrying amount of RMB 2,816 as impawn USD borrowings as of June 30, 2020 (2019: RMB 2,003).

8 ACCOUNTS RECEIVABLE

	Group		Company	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Accounts receivable	66,339	66,615	10,247	11,806
Less: Provision for bad debts	(2,789)	(2,431)	(1,882)	(1,734)
	63,550	64,184	8,365	10,072

The aging of accounts receivable and related provision for bad debts are analysed as follows:

	Group					
	June 30, 2020			December 31, 2019		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	63,274	94	(397)	63,484	95	(92)
1 to 2 years	425	1	(32)	440	1	(21)
2 to 3 years	179	1	(82)	479	1	(212)
Over 3 years	2,461	4	(2,278)	2,212	3	(2,106)
	66,339	100	(2,789)	66,615	100	(2,431)

	Company					
	June 30, 2020			December 31, 2019		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	8,269	80	(62)	9,925	84	(25)
1 to 2 years	100	1	(11)	14	1	(3)
2 to 3 years	12	1	(7)	240	2	(121)
Over 3 years	1,866	18	(1,802)	1,627	13	(1,585)
	10,247	100	(1,882)	11,806	100	(1,734)

(All amounts in RMB millions unless otherwise stated)

The aging is counted starting from the date when accounts receivable are recognised.

The Group measures loss allowance for accounts receivable at an amount equal to lifetime ECLs. Considering the differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables, the ECLs were calculated based on historical actual credit loss experience. The Group performed the calculation of ECL rates by the operating segment and geography.

			Impairment provision on provision matrix basis		
June 30, 2020	Gross carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
Current (not past due)	57,772	2	0.1%	51	53
Within 1 year past due	5,804	247	1.0%	53	300
1 to 2 years past due	249	1	9.3%	23	24
2 to 3 years past due	123	8	64.3%	74	82
Over 3 years past due	2,391	1,712	90.9%	618	2,330
	66,339	1,970		819	2,789

			Impairment provision on provision matrix basis		
December 31, 2019	Gross carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
Current (not past due)	58,382	3	0.1%	30	33
Within 1 year past due	5,534	11	0.4%	24	35
1 to 2 years past due	127	24	10.7%	11	35
2 to 3 years past due	411	48	45.5%	165	213
Over 3 years past due	2,161	1,719	89.6%	396	2,115
	66,615	1,805		626	2,431

As of June 30, 2020, the top five debtors of accounts receivable of the Group amounted to RMB 31,435, representing 47% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts is RMB 5 (As of December 31, 2019, the top five debtors of accounts receivable of the Group amounted to RMB 34,088, representing 51% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts is RMB 5).

During the six months ended June 30, 2020 and the six months ended June 30, 2019, the Group had no significant write-off of the provision for bad debts of accounts receivable.

(All amounts in RMB millions unless otherwise stated)

9 RECEIVABLES FINANCING

Receivables financing mainly represents bills of acceptance issued by banks for the sale of goods and rendering of services.

On June 30, 2020 and December 31, 2019, all receivables financing of the Group are due within one year.

10 ADVANCES TO SUPPLIERS

	June 30, 2020	December 31, 2019
Advances to suppliers	26,339	17,747
Less: Provision for bad debts	(708)	(709)
	25,631	17,038

As of June 30, 2020 and December 31, 2019, advances to suppliers of the Group are mainly aged within one year.

As of June 30, 2020, the top five debtors of advances to suppliers of the Group amounted to RMB 13,785, representing 52% of total advances to suppliers (As of December 31, 2019, the top five debtors of advances to suppliers of the Group amounted to RMB 7,684, representing 43% of total advances to suppliers).

11 OTHER RECEIVABLES

	Group		Company	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Interest receivable	190	468	12	8
Dividends receivable	339	363	2,010	2,685
Other receivables (a)	21,400	20,368	6,893	6,304
Total	21,929	21,199	8,915	8,997

(a) The aging analysis of other receivables and the related provision for bad debts are analysed as follows:

	Group					
	June 30, 2020			December 31, 2019		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	14,193	59	(60)	17,731	77	(73)
1 to 2 years	4,992	21	(40)	772	3	(13)
2 to 3 years	709	3	(13)	976	4	(13)
Over 3 years	4,212	17	(2,593)	3,593	16	(2,605)
	24,106	100	(2,706)	23,072	100	(2,704)

(All amounts in RMB millions unless otherwise stated)

	Company					
	June 30, 2020			December 31, 2019		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	1,835	24	(37)	5,564	79	(34)
1 to 2 years	4,502	59	(1)	181	3	(1)
2 to 3 years	196	3	(10)	196	3	(10)
Over 3 years	1,067	14	(659)	1,079	15	(671)
	7,600	100	(707)	7,020	100	(716)

The aging is counted starting from the date when other receivables are recognised.

As of June 30, 2020, the top five debtors of other receivables of the Group amounted to RMB 7,472, representing 31% of total other receivables, and the corresponding balance of provision for bad and doubtful debts is RMB 509 (As of December 31, 2019, the top five debtors of other receivables of the Group amounted to RMB 7,993, representing 35% of total other receivables, and the corresponding balance of provision for bad and doubtful debts is RMB 509).

During the six months ended June 30, 2020 and the six months ended June 30, 2019, the Group had no significant write-off of the provision for bad debts of other receivables.

12 INVENTORIES

	June 30, 2020	December 31, 2019
Cost		
Crude oil and other raw materials	50,550	56,166
Work in progress	8,772	15,159
Finished goods	118,825	112,003
Turnover materials	80	88
	178,227	183,416
Less: Write down in inventories	(2,929)	(1,495)
Net book value	175,298	181,921

(All amounts in RMB millions unless otherwise stated)

13 INVESTMENTS IN OTHER EQUITY INSTRUMENTS

	June 30, 2020	December 31, 2019
Houpu Clean Energy Co.,Ltd.	173	191
China Pacific Insurance (Group) Co., Ltd.	133	185
Other items	521	554
	827	930

The above equity investments are planned to be held for a long-term by the Group for a strategic purpose, the Group designates it as a financial asset at fair value through other comprehensive income.

14 LONG-TERM EQUITY INVESTMENTS

	Group			
	December 31, 2019	Addition	Reduction	June 30, 2020
Associates and joint ventures (a)	102,334	3,093	(1,155)	104,272
Less : Provision for impairment (b)	(169)	-	-	(169)
	102,165	3,093	(1,155)	104,103

	Company			
	December 31, 2019	Addition	Reduction	June 30, 2020
Subsidiaries (c)	359,752	1,862	(48)	361,566
Associates and joint ventures	43,062	2,557	(596)	45,023
Less : Provision for impairment	(230)	-	-	(230)
	402,584	4,419	(644)	406,359

As of June 30, 2020, the above-mentioned investments are not subject to restriction on conversion into cash or remittance of investment income.

(All amounts in RMB millions unless otherwise stated)

(a) Principal associates and joint ventures of the Group

Company name	Country of incorpo-ration	Principal activities	Registered capital	Interest held%		Voting rights %	Account-ing method	Strategic decisions relating to the Group's activities
				Direct	Indirect			
PetroIneos Refining Limited	UK	Refining and Chemicals	USD 1,000	-	49.90	49.90	Equity method	No
China Petroleum Finance Co., Ltd.	PRC	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	8,331	32.00	-	32.00	Equity method	No
CNPC Captive Insurance Co., Ltd.	PRC	Property loss insurance, liability insurance, credit insurance and deposit insurance; as well as the application of the above insurance reinsurance and insurance capital business	5,000	49.00	-	49.00	Equity method	No
China Marine Bunker (PetroChina) Co., Ltd.	PRC	Oil import and export trade and transportation, sale and storage	1,000	-	50.00	50.00	Equity method	No
Mangistau Investment B.V.	Netherlands	Engages in investing activities, the principle activities of its main subsidiaries are exploration, development and sale of oil and gas.	EUR 18,000	-	50.00	50.00	Equity method	No
Trans-Asia Gas Pipeline Co., Ltd.	PRC	Main contractor, investment holding, investment management, investment consulting, enterprise management advisory, technology development, promotion and technology consulting	5,000	-	50.00	50.00	Equity method	No

(All amounts in RMB millions unless otherwise stated)

Investments in principal associates and joint ventures are listed below:

	Investment cost	December 31, 2019	Investment (loss)/income recognised under equity method	Other comprehensive income	Cash dividend declared	Other	June 30, 2020
PetroIneos Refining Limited	3,705	3,254	(95)	48	-	-	3,207
China Petroleum Finance Co., Ltd.	9,917	22,802	1,223	75	(188)	-	23,912
CNPC Captive Insurance Co., Ltd.	2,450	3,164	93	-	(36)	-	3,221
China Marine Bunker (PetroChina) Co., Ltd.	740	1,336	41	4	-	(64)	1,317
Mangistau Investment B.V.	176	4,781	(78)	(70)	-	-	4,633
Trans-Asia Gas Pipeline Co., Ltd.	14,527	21,569	757	(181)	-	-	22,145

Interest in associates

Summarised financial information in respect of the Group's principal associates and reconciliation to carrying amount is as follows:

	PetroIneos Refining Limited		China Petroleum Finance Co., Ltd.		CNPC Captive Insurance Co., Ltd.	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Percentage ownership interest (%)	49.90	49.90	32.00	32.00	49.00	49.00
Current assets	1,499	1,457	221,216	261,520	10,617	10,823
Non-current assets	14,454	14,364	229,803	228,933	3,338	2,618
Current liabilities	7,770	7,843	364,135	403,052	4,840	4,752
Non-current liabilities	1,756	1,457	13,250	17,234	2,542	2,232
Net assets	6,427	6,521	73,634	70,167	6,573	6,457
Group's share of net assets	3,207	3,254	23,563	22,453	3,221	3,164
Goodwill	-	-	349	349	-	-
Carrying amount of interest in associates	3,207	3,254	23,912	22,802	3,221	3,164

(All amounts in RMB millions unless otherwise stated)

Summarised statement of comprehensive income and dividends received by the Group is as follows:

	Petrolneos Refining Limited		China Petroleum Finance Co., Ltd.		CNPC Captive Insurance Co., Ltd.	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating income	2,033	1,923	7,523	8,771	266	268
Net (loss) / profit	(191)	(109)	3,823	3,695	190	162
Other comprehensive income	96	10	233	831	-	-
Total comprehensive income	(95)	(99)	4,056	4,526	190	162
Group's share of total comprehensive income	(47)	(49)	1,298	1,448	93	79
Dividends received by the Group	-	-	188	441	36	31

Interest in joint ventures

Summarised balance sheet as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies in respect of the Group's principal joint ventures and reconciliation to carrying amount is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Percentage ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,916	1,750	11,609	11,980	44,614	43,258
Current assets	7,799	8,666	1,631	1,211	2,486	2,680
Including: cash and cash equivalents	1,633	1,206	465	292	80	73
Non-current liabilities	410	152	3,170	3,062	2,326	2,355
Current liabilities	6,394	7,349	804	567	485	445
Net assets	2,911	2,915	9,266	9,562	44,289	43,138
Net assets attributable to owners of the Company	2,634	2,672	9,266	9,562	44,289	43,138
Group's share of net assets	1,317	1,336	4,633	4,781	22,145	21,569
Carrying amount of interest in joint ventures	1,317	1,336	4,633	4,781	22,145	21,569

(All amounts in RMB millions unless otherwise stated)

Summarised statement of comprehensive income and dividends received by the Group is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating income	18,178	20,327	4,039	7,617	8	6
Finance expenses	(36)	(40)	(26)	(74)	(5)	8
Including: Interest income	8	15	-	1	21	26
Interest expense	41	57	78	74	29	28
Taxation	(27)	(5)	(93)	(492)	-	-
Net profit / (loss)	81	15	(156)	1,542	1,514	2,352
Other comprehensive income	9	-	(140)	26	(362)	420
Total comprehensive income	90	15	(296)	1,568	1,152	2,772
Group's share of total comprehensive income	45	8	(148)	784	576	1,386
Dividends received by the Group	-	-	-	-	-	-

(b) Provision for impairment

	June 30, 2020	December 31, 2019
Associates and joint ventures		
PetroChina Shouqi Sales Company Limited	(60)	(60)
PetroChina Beiqi Sales Company Limited	(49)	(49)
Other	(60)	(60)
	(169)	(169)

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2019	Addition	Deduction	June 30, 2020
Daqing Oilfield Company Limited	66,720	66,720	-	-	66,720
CNPC Exploration and Development Company Limited	23,778	23,778	-	-	23,778
PetroChina Hong Kong Limited	25,590	25,590	-	-	25,590
PetroChina International Investment Company Limited	31,314	31,314	-	-	31,314
PetroChina International Company Limited	18,953	18,953	-	-	18,953
PetroChina Pipelines Company Limited	109,216	109,216	-	-	109,216
Other		84,181	1,862	(48)	85,995
Total		359,752	1,862	(48)	361,566

(All amounts in RMB millions unless otherwise stated)

Summarised financial information in respect of the Company's principal subsidiaries with significant non-controlling interests is as follows:

Summarised balance sheet is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Percentage ownership interest (%)	50.00	50.00	72.26	72.26
Current assets	18,627	20,604	4,812	4,306
Non-current assets	188,501	186,792	219,157	228,623
Current liabilities	22,899	18,911	6,729	7,631
Non-current liabilities	18,729	25,326	9,560	9,616
Net assets	165,500	163,159	207,680	215,682

Summarised statement of comprehensive income is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating income	16,772	24,115	20,301	21,177
Net profit	2,549	6,723	8,870	9,611
Total comprehensive income	2,821	6,811	8,870	9,611
Profit attributable to non-controlling interests	1,467	3,853	2,461	2,666
Dividends paid to non-controlling interests	521	1,504	4,721	4,852

Summarised statement of cash flow is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Net cash inflow from operating activities	3,464	10,996	13,842	14,122

(All amounts in RMB millions unless otherwise stated)

15 FIXED ASSETS

	December 31, 2019	Addition	Reduction	June 30, 2020
Cost				
Buildings	252,174	3,158	(1,182)	254,150
Equipment and Machinery	1,153,616	8,781	(12,419)	1,149,978
Motor Vehicles	27,148	1,726	(496)	28,378
Other	37,228	194	(88)	37,334
Total	1,470,166	13,859	(14,185)	1,469,840
Accumulated depreciation				
Buildings	(103,079)	(5,651)	882	(107,848)
Equipment and Machinery	(569,720)	(24,495)	5,907	(588,308)
Motor Vehicles	(19,852)	(672)	468	(20,056)
Other	(15,720)	(783)	69	(16,434)
Total	(708,371)	(31,601)	7,326	(732,646)
Fixed assets, net				
Buildings	149,095			146,302
Equipment and Machinery	583,896			561,670
Motor Vehicles	7,296			8,322
Other	21,508			20,900
Total	761,795			737,194
Provision for impairment				
Buildings	(4,866)	(3)	10	(4,859)
Equipment and Machinery	(46,049)	-	119	(45,930)
Motor Vehicles	(96)	-	-	(96)
Other	(7,370)	-	206	(7,164)
Total	(58,381)	(3)	335	(58,049)
Net book value				
Buildings	144,229			141,443
Equipment and Machinery	537,847			515,740
Motor Vehicles	7,200			8,226
Other	14,138			13,736
Total	703,414			679,145

Depreciation charged to profit or loss provided on fixed assets for the six months ended June 30, 2020 was RMB 31,255 (for the six months ended June 30, 2019: RMB 30,678). Cost transferred from construction in progress to fixed assets was RMB 10,612 (for the six months ended June 30, 2019: RMB 19,598).

As of June 30, 2020, the Group's fixed assets under operating leases are mainly equipment and machinery, the net book value of which amounted to RMB 1,557 (December 31, 2019: RMB 1,576).

As of June 30, 2020, the Group has no significant fixed assets which are pledged.

(All amounts in RMB millions unless otherwise stated)

16 OIL AND GAS PROPERTIES

	December 31, 2019	Addition	Reduction	June 30, 2020
Cost				
Mineral interests in proved properties	48,339	19	(155)	48,203
Mineral interests in unproved properties	27,978	67	(822)	27,223
Wells and related facilities	2,185,108	47,889	(173)	2,232,824
Total	2,261,425	47,975	(1,150)	2,308,250
Accumulated depletion				
Mineral interests in proved properties	(15,504)	(1,480)	-	(16,984)
Wells and related facilities	(1,343,820)	(77,701)	24	(1,421,497)
Total	(1,359,324)	(79,181)	24	(1,438,481)
Oil and gas properties, net				
Mineral interests in proved properties	32,835			31,219
Mineral interests in unproved properties	27,978			27,223
Wells and related facilities	841,288			811,327
Total	902,101			869,769
Provision for impairment				
Mineral interests in proved properties	(1,466)	-	55	(1,411)
Mineral interests in unproved properties	(21,445)	-	548	(20,897)
Wells and related facilities	(47,376)	-	184	(47,192)
Total	(70,287)	-	787	(69,500)
Net book value				
Mineral interests in proved properties	31,369			29,808
Mineral interests in unproved properties	6,533			6,326
Wells and related facilities	793,912			764,135
Total	831,814			800,269

Depletion charged to profit or loss provided on oil and gas properties for the six months ended June 30, 2020 was RMB 73,704 (for the six months ended June 30, 2019: RMB 68,567). Cost transferred from construction in progress to oil and gas properties was 36,607 (for the six months ended June 30, 2019: RMB 48,402) .

As of June 30, 2020, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB 103,927 (December 31, 2019: RMB 105,610). Related depletion charge for the six months ended June 30, 2020 was RMB 2,079 (for the six months ended June 30, 2019: RMB 2,520).

(All amounts in RMB millions unless otherwise stated)

17 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2019	Addition	Transferred to fixed assets or oil and gas properties	Other reduction	June 30, 2020	Proportion of construction compared to budget %	Capitalised interest expense	Including: capitalised interest expense for current year	Source of fund
Guangdong Petrochemical Integration of Refining and Chemical Industry	65,430	8,833	681	(1)	-	9,513	15%	916	115	Self& loan
China-Russia East Natural Gas Pipeline (Changling-Yongqing part)	17,158	4,155	5,065	(205)	-	9,015	61%	-	-	Self& loan
Tarim - Production of Ethylene from Ethane Project	8,042	1,683	375	(1)	-	2,057	26%	-	-	Self& loan
Other		239,558	64,039	(47,012)	(4,730)	251,855		4,895	345	
		254,229	70,160	(47,219)	(4,730)	272,440		5,811	460	
Less: Provision for impairment		(6,233)	-	-	21	(6,212)				
		247,996				266,228				

For the six months ended June 30, 2020, the capitalised interest expense amounted to RMB 460 (for the six months ended June 30, 2019: RMB 615). The average annual interest rate used to determine the capitalised amount is 4.28% (for the six months ended June 30, 2019: 4.28%.)

18 INTANGIBLE ASSETS

	December 31, 2019	Addition	Reduction	June 30, 2020
Cost				
Land use rights	86,347	1,589	(175)	87,761
Patents	4,560	4	-	4,564
Other (i)	39,458	504	(45)	39,917
Total	130,365	2,097	(220)	132,242
Accumulated amortisation				
Land use rights	(20,779)	(1,365)	53	(22,091)
Patents	(3,782)	(74)	-	(3,856)
Other	(20,223)	(1,032)	22	(21,233)
Total	(44,784)	(2,471)	75	(47,180)
Intangible assets, net				
Land use rights	65,568			65,670
Patents	778			708
Other	19,235			18,684
Total	85,581			85,062
Provision for impairment	(749)	-	-	(749)
Net book value	84,832			84,313

(i) Other intangible assets principally include non-proprietary technology and trademark use right etc.

(All amounts in RMB millions unless otherwise stated)

Amortisation charged to profit or loss provided on intangible assets for the six months ended June 30, 2020 was RMB 2,448 (for the six months ended June 30, 2019: RMB 2,300).

19 GOODWILL

	June 30, 2020	December 31, 2019
Cost		
PetroChina United Pipelines Co., Ltd	37,994	37,994
PetroIneos Trading Limited	4,788	4,718
Singapore Petroleum Company	3,117	3,072
Other	985	771
Total	46,884	46,555
Provision for impairment	(3,745)	(3,747)
Net book value	43,139	42,808

Goodwill primarily relates to the acquisition of Singapore Petroleum Company, PetroIneos Trading Limited, and PetroChina United Pipelines Co., Ltd completed in 2009, 2011 and 2015, respectively.

20 LONG-TERM PREPAID EXPENSES

	December 31, 2019	Addition	Reduction	June 30, 2020
Catalyst	5,261	355	(714)	4,902
Other	4,997	872	(594)	5,275
Total	10,258	1,227	(1,308)	10,177

21 PROVISION FOR ASSETS

	December 31, 2019	Addition	Reversal	Write-off and others	June 30, 2020
Bad debts provision	5,844	367	(16)	8	6,203
Including:					
Bad debts provision for accounts receivable	2,431	367	(8)	(1)	2,789
Bad debts provision for other receivables	2,704	-	(8)	10	2,706
Bad debts provision for advances to suppliers	709	-	-	(1)	708
Provision for declines in the value of inventories	1,495	8,187	(39)	(6,714)	2,929
Provision for impairment of long-term equity investments	169	-	-	-	169
Provision for impairment of fixed assets	58,381	3	-	(335)	58,049
Provision for impairment of oil and gas properties	70,287	-	-	(787)	69,500
Provision for impairment of construction in progress	6,233	-	-	(21)	6,212
Provision for impairment of intangible assets	749	-	-	-	749
Provision for impairment of goodwill	3,747	-	-	(2)	3,745
Provision for impairment of other non-current assets	268	-	-	1	269
Total	147,173	8,557	(55)	(7,850)	147,825

(All amounts in RMB millions unless otherwise stated)

22 SHORT-TERM BORROWINGS

	June 30, 2020	December 31, 2019
Guarantee - RMB	57	-
Mortgage - RMB	-	24
Impawn - USD	1,425	1,683
Impawn - RMB	1	1
Unsecured - RMB	29,373	42,198
Unsecured - USD	40,775	21,372
Unsecured - JPY	4,041	3,129
Unsecured - Other	3,608	2,090
	79,280	70,497

As of June 30, 2020, the above guaranteed RMB borrowings were mainly guaranteed by minority shareholders of relevant non-wholly-owned subsidiaries. Impawn USD borrowings were impawned by margin account deposits whose carrying amount was RMB 2,816 (December 31, 2019: RMB 2,003). Impawn RMB loan was impawned by natural gas charging right.

The weighted average interest rate for short-term borrowings as of June 30, 2020 is 1.78% per annum (December 31, 2019: 2.84%).

23 NOTES PAYABLE

As of June 30, 2020 and December 31, 2019, notes payable mainly represented commercial acceptance. All notes payable matured within one year.

24 ACCOUNTS PAYABLE

The aging of accounts payable are analysed as follows:

	The Group			
	June 30, 2020		December 31, 2019	
	Amount	Percentage of total balance %	Amount	Percentage of total balance %
Within 1 year	162,513	85	231,595	90
1 to 2 years	11,305	6	13,559	5
2 to 3 years	6,611	3	5,933	2
Over 3 years	10,504	6	9,015	3
	190,933	100	260,102	100

As of June 30, 2020, accounts payable aged over one year amounted to RMB 28,420 (December 31, 2019: RMB 28,507), and mainly comprised of unsettled payables to several suppliers.

(All amounts in RMB millions unless otherwise stated)

25 CONTRACT LIABILITIES

As of June 30, 2020, contract liabilities mainly represented the sales of crude oil, natural gas and refined oil, etc. The contract liabilities aged over one year amounted to RMB 4,070 (December 31, 2019: RMB 3,297). The main related performance obligations are expected to be satisfied and revenue is recognised within one year.

26 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2019	Addition	Reduction	June 30, 2020
Short-term employee benefits	9,833	53,597	(52,289)	11,141
Post-employment benefits - defined contribution plans	332	8,517	(8,512)	337
Termination benefits	4	43	(42)	5
	10,169	62,157	(60,843)	11,483

(2) Short-term employee benefits

	December 31, 2019	Addition	Reduction	June 30, 2020
Wages, salaries and allowances	3,834	39,944	(39,293)	4,485
Staff welfare	-	3,003	(2,995)	8
Social security contributions	767	4,524	(4,295)	996
Including:				
Medical insurance	724	4,158	(3,919)	963
Work-related injury insurance	35	280	(290)	25
Maternity insurance	8	86	(86)	8
Housing provident funds	11	4,828	(4,821)	18
Labour union funds and employee education funds	5,168	1,269	(857)	5,580
Other	53	29	(28)	54
	9,833	53,597	(52,289)	11,141

(3) Post-employment benefits - defined contribution plans

	December 31, 2019	Addition	Reduction	June 30, 2020
Basic pension insurance	282	4,516	(4,510)	288
Unemployment insurance	19	148	(147)	20
Annuity	31	3,853	(3,855)	29
	332	8,517	(8,512)	337

As of June 30, 2020, employee benefits payable did not contain any balance in arrears.

(All amounts in RMB millions unless otherwise stated)

27 TAXES PAYABLE

	June 30, 2020	December 31, 2019
Value added tax payable	7,396	4,071
Income tax payable	3,393	7,564
Consumption tax payable	23,686	42,347
Other	9,795	13,400
	44,270	67,382

28 OTHER PAYABLES

As of June 30, 2020, other payables mainly comprised deposit, earnest money, caution money, insurance payables and cash call payables to joint operation partners, and other payables aged over one year amounted to RMB 10,765 (December 31, 2019: RMB 9,294).

29 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2020	December 31, 2019
Long-term borrowings due within one year		
Guarantee – RMB	-	65
Guarantee – USD	2,743	11,542
Guarantee – Other	8	10
Impawn – RMB	-	20
Unsecured – RMB	26,120	13,307
Unsecured – USD	11,377	31,333
Unsecured – Other	-	3,594
	40,248	59,871
Debentures payable due within one year	68,000	25,472
Long-term payables due within one year	151	143
Lease liabilities due within one year	6,163	7,393
	114,562	92,879

The above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries.

(All amounts in RMB millions unless otherwise stated)

30 LONG-TERM BORROWINGS

	June 30, 2020	December 31, 2019
Guarantee – RMB	1,183	1,324
Guarantee – USD	2,902	12,973
Guarantee – Other	11	16
Impawn – RMB	800	275
Impawn - USD	1,062	-
Mortgage – RMB	804	-
Unsecured – RMB	182,038	157,882
Unsecured – USD	70,412	57,403
Unsecured – Other	4,488	4,409
	263,700	234,282
Less: Long-term borrowings due within one year (Note 29)	(40,248)	(59,871)
	223,452	174,411

Mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries as of June30, 2020. Impawn RMB loan was impawned by natural gas charging right. The above impawn USD borrowings were impawned by margin account deposits whose carrying amount was RMB 1,146. The fixed assets with carrying amount of RMB 1,310 and the land use right with carry amount of RMB 11 were used as the mortgage for the mortgage loan.

The maturities of long-term borrowings at the dates indicated are analysed as follows:

	June 30, 2020	December 31, 2019
Between one and two years	54,791	20,309
Between two and five years	148,959	135,875
After five years	19,702	18,227
	223,452	174,411

The weighted average interest rate for long-term borrowings as of June 30, 2020 is 3.58% (December 31, 2019: 4.08%).

The fair values of long-term borrowings amounted to RMB 259,310 (December 31, 2019: RMB 231,476). The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates as at balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned borrowings).

(All amounts in RMB millions unless otherwise stated)

31 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of Debentures	Annual interest rate%	December 31, 2019	Addition	Reduction	June 30, 2020
2012 PetroChina Company Limited Corporate Debentures first tranche - 10 years	November 22,2012	10 - year	4.90	2,000	-	-	2,000
2012 PetroChina Company Limited Corporate Debentures first tranche - 15 years	November 22,2012	15 - year	5.04	2,000	-	-	2,000
2013 PetroChina Company Limited Corporate Debentures first tranche - 10 years	March 15, 2013	10 - year	4.88	4,000	-	-	4,000
2015 PetroChina Company Limited second tranche medium-term notes	October 9, 2015	5 - year	3.85	20,000	-	-	20,000
Kunlun Energy Company Limited priority notes - 5 years	May 13, 2015	5 - year	2.88	3,472	-	(3,472)	-
Kunlun Energy Company Limited priority notes - 10 years	May 13, 2015	10 - year	3.75	3,471	40	-	3,511
2016 PetroChina Company Limited Corporate Debentures first tranche - 5 years	January 19, 2016	5 - year	3.03	8,800	-	-	8,800
2016 PetroChina Company Limited Corporate Debentures first tranche - 10 years	January 19, 2016	10 - year	3.50	4,700	-	-	4,700
2016 PetroChina Company Limited Corporate Debentures second tranche - 5 years	March 3, 2016	5 - year	3.15	12,700	-	-	12,700
2016 PetroChina Company Limited Corporate Debentures second tranche - 10 years	March 3, 2016	10 - year	3.70	2,300	-	-	2,300
2016 PetroChina Company Limited Corporate Debentures third tranche - 5 years	March 24, 2016	5 - year	3.08	9,500	-	-	9,500
2016 PetroChina Company Limited Corporate Debentures third tranche - 10 years	March 24, 2016	10 - year	3.60	2,000	-	-	2,000
2016 PetroChina Company Limited first tranche medium-term notes	May 11, 2016	5 - year	3.45	15,000	-	-	15,000
2017 PetroChina Company Limited Corporate Debentures first tranche	August 18, 2017	3 - year	4.30	2,000	-	-	2,000
2019 PetroChina Company Limited first tranche medium-term notes - 5 years	January 24, 2019	5 - year	3.45	10,000	-	-	10,000
2019 PetroChina Company Limited second tranche medium-term notes - 5 years	January 24, 2019	5 - year	3.45	10,000	-	-	10,000
2019 PetroChina Company Limited third tranche medium-term notes - 5 years	February 22, 2019	5 - year	3.66	10,000	-	-	10,000
2019 PetroChina Company Limited fourth tranche medium-term notes - 5 years	February 22, 2019	5 - year	3.66	10,000	-	-	10,000
2019 PetroChina Company Limited fifth tranche medium-term notes - 5 years	April 23, 2019	5 - year	3.96	10,000	-	-	10,000
2020 PetroChina Company Limited first tranche medium-term notes - 3 years	April 9, 2020	3 - year	2.42	-	10,000	-	10,000
2020 PetroChina Company Limited second tranche medium-term notes - 3 years	April 9, 2020	3 - year	2.42	-	10,000	-	10,000
2020 PetroChina Kunlun Gas Co., Ltd first tranche medium-term notes	April 27, 2020	3 - year	2.42	-	1,000	-	1,000
				141,943	21,040	(3,472)	159,511
Less: Debentures Payable due within one year (Note 29)				(25,472)			(68,000)
				116,471			91,511

(All amounts in RMB millions unless otherwise stated)

The above-mentioned debentures were issued at the par value, without premium or discount.

As of June 30, 2020, the above-mentioned debentures which were guaranteed by CNPC and its subsidiaries amounted to RMB 8,000 (December 31, 2019: RMB 8,000).

The fair values of the debentures amounted to RMB 160,312 (December 31, 2019: RMB 140,331). The fair values are based on discounted cash flows using an applicable discount rate based upon the prevailing market rates as at the balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned debentures payable).

32 PROVISIONS

	December 31, 2019	Addition	Reduction	June 30, 2020
Asset retirement obligations	137,935	4,675	(8,053)	134,557

Asset retirement obligations are related to oil and gas properties.

33 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before offset are listed as below:

(a) Deferred tax assets

	June 30, 2020		December 31, 2019	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for impairment of assets	8,513	45,543	10,856	45,764
Wages and welfare	1,646	8,541	1,590	7,411
Carry forward of losses	25,819	228,264	20,391	193,674
Other	11,087	61,417	12,714	61,973
	47,065	343,765	45,551	308,822

Tax losses that can be carried forward to future years include deferred tax assets arising from the losses of branches in the eastern region. The income tax expenses of branches in the eastern and western regions were paid in aggregate according to the requirements of the competent tax authority.

(All amounts in RMB millions unless otherwise stated)

(b) Deferred tax liabilities

	June 30, 2020		December 31, 2019	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of fixed assets and oil and gas properties	24,321	84,753	27,646	100,506
Other	15,411	56,423	15,064	59,866
	39,732	141,176	42,710	160,372

Deferred tax assets and liabilities after offset are listed as below:

	June 30, 2020	December 31, 2019
Deferred tax assets	29,391	24,259
Deferred tax liabilities	22,058	21,418

34 SHARE CAPITAL

	June 30, 2020	December 31, 2019
H shares	21,099	21,099
A shares	161,922	161,922
	183,021	183,021

The assets and liabilities injected by CNPC in 1999 had been valued by China Enterprise Appraisal Co., Ltd.. The net assets injected by CNPC had been exchanged for 160 billion state-owned shares of the Company with a par value of RMB 1.00 yuan per share. The excess of the value of the net assets injected over the par value of the state-owned shares had been recorded as capital surplus.

Pursuant to the approval of CSRC, on April 7, 2000, the Company issued 17,582,418,000 foreign capital stock with a par value of RMB 1.00 yuan per share, in which 1,758,242,000 shares were converted from the prior state-owned shares of the Company owned by CNPC.

The above-mentioned foreign capital stock represented by 13,447,897,000 H shares and 41,345,210 ADS (each representing 100 H shares), were listed on the Stock Exchange of Hong Kong Limited and the New York Stock Exchange Inc. on April 7, 2000 and April 6, 2000, respectively.

The Company issued additional 3,196,801,818 new H shares with a par value of RMB 1.00 yuan per share on September 1, 2005. CNPC also converted 319,680,182 state-owned shares it held into H shares and sold them concurrently with PetroChina's issuance of new H shares.

The Company issued 4,000,000,000 A shares with a par value of RMB 1.00 yuan per share on October 31, 2007. The A shares were listed on the Shanghai Stock Exchange on November 5, 2007.

(All amounts in RMB millions unless otherwise stated)

Following the issuance of the A shares, all the existing state-owned shares issued before November 5, 2007 held by CNPC have been registered with the China Securities Depository and Clearing Corporation Limited as A shares.

35 CAPITAL SURPLUS

	December 31, 2019	Addition	Reduction	June 30, 2020
Capital premium	84,338	51	-	84,389
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Other	2,021	-	-	2,021
	127,314	51	-	127,365

36 SURPLUS RESERVES

	December 31, 2019	Addition	Reduction	June 30, 2020
Statutory Surplus Reserves	197,242	-	-	197,242
Discretionary Surplus Reserves	40	-	-	40
	197,282	-	-	197,282

Pursuant to the Company Law of PRC, the Company's Articles of Association and the resolution of the Board of Directors, the Company is required to transfer 10% of its net profit to a Statutory Surplus Reserves. Appropriation to the Statutory Surplus Reserves may be ceased when the fund aggregates to 50% of the Company's registered capital. The Statutory Surplus Reserves may be used to make good previous years' losses or to increase the capital of the Company upon approval.

The Discretionary Surplus Reserves is approved by a resolution of shareholders' general meeting after the Board of Directors' proposal. The Company may convert its Discretionary Surplus Reserves to make good previous years' losses or to increase the capital of the Company upon approval. The Company has not extracted Discretionary Surplus Reserves for the six months ended June 30, 2020 (for the six months ended June 30, 2019: None).

37 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2020
Undistributed profits at the beginning of the period	738,124
Add: Net loss attributable to equity holders of the Company	(29,986)
Less: Ordinary share dividends payable	(12,081)
Other	(8)
Undistributed profits at the end of the period	696,049

(All amounts in RMB millions unless otherwise stated)

As authorised by shareholders in the Annual General Meeting on June 11, 2020, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2020 of RMB 0.08742 yuan per share amounting to a total of RMB 16,000 according to the issued 183,021 million shares on August 27, 2020. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the statement of financial position.

38 NON-CONTROLLING INTERESTS

Non-controlling interests attributable to non-controlling interests of subsidiaries

	Percentage of shares held by non-controlling interests (%)	Profit or loss attributable to non-controlling interests	Dividends declared to non-controlling interests	Balance of non-controlling interests
CNPC Exploration and Development Company Limited	50.00	1,467	521	84,356
PetroChina Pipelines Company Limited	27.74	2,461	4,721	57,610
Kunlun Energy Company Limited	45.62	2,955	3,057	50,471
PetroKazakhstan Inc.	33.00	24	-	1,591
Other				17,621
				211,649

39 OPERATING INCOME AND COST OF SALES

	Group			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Income	Cost	Income	Cost
Principal operations (b)	905,173	745,133	1,171,738	921,161
Other operations (c)	23,872	25,060	24,521	23,782
Total	929,045	770,193	1,196,259	944,943
Including: Revenue from contracts with customers (a)	928,558		1,196,082	
Other revenue	487		177	

	Company			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Income	Cost	Income	Cost
Principal operations (b)	496,182	407,428	651,111	495,918
Other operations (c)	17,934	19,701	18,016	18,395
Total	514,116	427,129	669,127	514,313
Including: Revenue from contracts with customers (a)	513,887		668,985	
Other revenue	229		142	

(All amounts in RMB millions unless otherwise stated)

(a) Revenue from contracts with customers

For the six months ended June 30, 2020 Contract classification	Exploration and Production	Refining and Chemicals	Marketing	Natural Gaas and Pipeline	Head Office and Other	Total
Type of merchandise						
Crude oil	158,463	-	231,701	-	-	390,164
Natural gas	60,737	-	90,813	136,071	-	287,621
Refining products	-	298,095	402,271	-	-	700,366
Chemical products	-	68,712	12,750	-	-	81,462
Pipeline transportation business	-	-	-	33,462	-	33,462
Non-oil sales in gas stations	-	-	11,151	-	-	11,151
Others	36,162	2,936	443	9,564	456	49,561
Intersegment elimination	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Total	42,741	110,945	612,693	161,812	367	928,558
Geographical classification						
Chinese mainland	13,050	110,945	273,758	161,812	367	559,932
Others	29,691	-	338,935	-	-	368,626
Total	42,741	110,945	612,693	161,812	367	928,558

For the six months ended June 30, 2019 Contract classificationnote	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of merchandise						
Crude oil	228,732	-	281,209	-	-	509,941
Natural gas	56,118	-	122,078	147,451	-	325,647
Refining products	-	405,002	555,002	-	-	960,004
Chemical products	-	77,862	12,795	-	-	90,657
Pipeline transportation business	-	-	-	34,671	-	34,671
Non-oil sales in gas stations	-	-	10,790	-	-	10,790
Others	41,395	3,403	710	13,817	598	59,923
Intersegment elimination	(266,753)	(341,328)	(166,893)	(20,496)	(81)	(795,551)
Total	59,492	144,939	815,691	175,443	517	1,196,082
Geographical classification						
Chinese mainland	18,496	140,013	376,719	175,443	517	711,188
Others	40,996	4,926	438,972	-	-	484,894
Total	59,492	144,939	815,691	175,443	517	1,196,082

Note: In 2020, the Group transferred PetroChina Fuel Oil Co., Ltd. and PetroChina Lubricant Company from Marking to Refining and Chemicals, and restated the comparative information for the previous period accordingly (See Note 57).

(All amounts in RMB millions unless otherwise stated)

Contract classification	The Company For the six months ended June 30, 2020	 For the six months ended June 30, 2019
Type of merchandise		
Crude oil	122,487	182,641
Natural gas	203,949	214,683
Refining products	483,331	654,804
Chemical products	68,440	77,803
Pipeline transportation business	4,965	4,606
Non-oil sales in gas stations	9,613	9,313
Others	21,814	24,012
Intersegment elimination	(400,712)	(498,877)
Total	513,887	668,985

(b) Income and cost of sales from principal operations

	Group			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019[note]	
	Income	Cost	Income	Cost
Exploration and Production	247,833	208,119	317,347	230,159
Refining and Chemicals	366,807	277,062	482,863	363,198
Marketing	737,540	722,120	971,107	945,701
Natural Gas and Pipeline	176,881	161,338	193,715	175,406
Head Office and Other	83	67	67	47
Intersegment elimination	(623,971)	(623,573)	(793,361)	(793,350)
Total	905,173	745,133	1,171,738	921,161

	Company			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Income	Cost	Income	Cost
Exploration and Production	191,973	173,702	247,403	194,886
Refining and Chemicals	279,105	204,700	370,943	274,348
Marketing	272,608	270,750	361,699	350,877
Natural Gas and Pipeline	151,867	157,556	167,568	172,318
Head Office and Other	83	67	67	47
Intersegment elimination	(399,454)	(399,347)	(496,569)	(496,558)
Total	496,182	407,428	651,111	495,918

Note: In 2020, the Group transferred PetroChina Fuel Oil Co., Ltd. and PetroChina Lubricant Company from Marking to Refining and Chemicals, and restated the comparative information for the previous period accordingly (See Note 57).

(All amounts in RMB millions unless otherwise stated)

(c) Income and cost of sales from other operations

	Group			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Income	Cost	Income	Cost
Sale of materials	3,306	3,236	3,602	3,306
Other	20,566	21,824	20,919	20,476
Total	23,872	25,060	24,521	23,782

	Company			
	For the six months ended June 30, 2020		For the six months ended June 30, 2019	
	Income	Cost	Income	Cost
Sale of materials	3,006	2,902	2,928	2,674
Other	14,928	16,799	15,088	15,721
Total	17,934	19,701	18,016	18,395

40 TAXES AND SURCHARGES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Consumption tax	73,377	81,137
Resource tax	9,393	12,088
City maintenance and construction tax	6,835	8,124
Educational surcharge	4,991	5,985
Crude oil special gain levy	178	799
Other	3,649	4,286
	98,423	112,419

41 SELLING EXPENSES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Employee compensation costs	9,686	10,371
Depreciation, depletion and amortisation	7,496	6,890
Transportation expense	7,258	7,736
Lease, packing and warehouse storage expenses	1,627	1,499
Other	6,205	6,405
	32,272	32,901

(All amounts in RMB millions unless otherwise stated)

42 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Employee compensation costs	12,145	13,708
Depreciation, depletion and amortisation	3,488	3,383
Repair expense	3,034	4,133
Lease, packing and warehouse storage expenses	435	507
Safety fund	3,069	3,024
Technology service expense	264	195
Other taxes	302	404
Other	2,398	3,251
	25,135	28,605

43 RESEARCH AND DEVELOPMENT EXPENSES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Employee compensation costs	2,443	2,397
Depreciation, depletion and amortisation	661	672
Fuel and material consumption	209	187
Other	3,462	4,431
	6,775	7,687

44 FINANCE EXPENSES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Interest expense	15,346	15,812
Include: Interest expenditure on lease liabilities	3,440	3,504
Less: Capitalised interest	(460)	(615)
Less: Interest income	(1,396)	(1,893)
Exchange losses	5,966	5,197
Less: Exchange gains	(6,409)	(4,907)
Other	458	434
	13,505	14,028

(All amounts in RMB millions unless otherwise stated)

45 OTHER INCOME

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Refund of import value-added tax, relating to the import of natural gas	2,272	3,341
Refund of value-added tax, relating to the change from business tax to value-added tax	907	890
Other	904	424
	4,083	4,655

46 INVESTMENT INCOME

	Group	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Gains on investments in other equity instruments	18	9
Share of profit of associates and joint ventures	570	4,707
Gains on disposal of associates and joint ventures	-	235
Gains on disposal of subsidiaries	393	125
Others	82	157
	1,063	5,233

	Company	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Gains on investments in other equity instruments	12	5
Share of profit of associates and joint ventures	1,392	2,210
Dividends declared by subsidiaries	16,337	16,048
(Losses) / gains on disposal of subsidiaries	(21)	3
Others	6	235
	17,726	18,501

47 CREDIT LOSSES / (REVERSAL)

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Accounts receivable	359	(217)
Other receivables	(8)	(8)
	351	(225)

(All amounts in RMB millions unless otherwise stated)

48 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Impairment losses for declines in the value of inventories	8,148	784
Impairment losses for fixed assets	3	-
	8,151	784

49 GAINS FROM ASSET DISPOSALS

	For the six months ended June 30, 2020	For the six months ended June 30, 2019	Amount included in non-recurring profit/loss items for the six months ended June 30, 2020
Gains from disposal of fixed assets and oil and gas properties	25	76	25
Losses from disposal of construction in progress	-	(7)	-
Gains from disposal of intangible assets	52	6	52
Gains from disposal of other long-term assets	784	12	784
	861	87	861

50 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2020	For the six months ended June 30, 2019	Amount included in non-recurring profit/loss items for the six months ended June 30, 2020
Government grants	198	483	198
Other	1,262	1,041	1,262
	1,460	1,524	1,460

(b) Non-operating expenses

	For the six months ended June 30, 2020	For the six months ended June 30, 2019	Amount included in non-recurring profit/loss items for the six months ended June 30, 2020
Fines	7	24	7
Donation	184	29	184
Extraordinary loss	10	24	10
Other	29	4,766	29
	230	4,843	230

(All amounts in RMB millions unless otherwise stated)

51 TAXATION

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Income taxes	8,838	25,789
Deferred taxes	(4,034)	(3,151)
	4,804	22,638

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

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
(Loss) / profit before taxation	(18,523)	61,773
Tax calculated at a tax rate of 25%	(4,631)	15,443
Tax return true-up	(206)	1,162
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	1,092	2,960
Effect of preferential tax rate	2,090	(4,570)
Tax effect of income not subject to tax	(1,132)	(1,719)
Tax effect of expenses not deductible for tax purposes	5,448	8,434
Tax effect of temporary differences and losses unrecognised at deferred tax assets	2,143	928
Taxation	4,804	22,638

52 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2020 and June 30, 2019 have been computed by dividing profit attributable to owners of the Company by the 183,021 million shares issued and outstanding during the period.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

(All amounts in RMB millions unless otherwise stated)

53 OTHER COMPREHENSIVE INCOME

Other comprehensive income attributable to equity holders of the Company	December 31, 2019	Addition	Reduction	June 30, 2020
Item that will not be reclassified to profit or loss				
Including: Changes in fair value of investments in other equity instruments	323	3	(69)	257
Items that may be reclassified to profit or loss				
Including: Other comprehensive income recognised under equity method	903	75	-	978
Translation differences arising from translation of foreign currency financial statements	(28,939)	1,803	(3,126)	(30,262)
Others	(43)	-	-	(43)
	(27,756)	1,881	(3,195)	(29,070)

54 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by nature:

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Operating income	929,045	1,196,259
Less: Changes in inventories of finished goods and work in progress	738	(13,669)
Raw materials and consumables used	(627,926)	(782,434)
Employee benefits expenses	(60,746)	(65,028)
Depreciation, depletion and amortisation expenses	(114,387)	(108,608)
(Loss) / reversal of credit	(351)	225
Asset impairment losses	(8,151)	(784)
Lease expenses	(1,508)	(1,522)
Finance expenses	(13,505)	(14,028)
Other expenses	(122,962)	(145,319)
Operating (loss) / profit	(19,753)	65,092

(All amounts in RMB millions unless otherwise stated)

55 NOTES TO CONSOLIDATED AND COMPANY CASH FLOWS

(a) Reconciliation from the net (loss) / profit to the cash flows from operating activities

	Group		Company	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Net (loss) / profit	(23,327)	39,135	(20,748)	22,749
Add: Asset impairment losses / (reversal)	8,151	784	1,967	(18)
Credit losses / (reversal)	351	(225)	139	(265)
Depreciation and depletion of fixed assets	31,255	30,678	17,480	17,328
Depreciation and depletion of oil and gas properties	73,704	68,567	48,818	41,846
Depreciation and depletion of right-of-use assets	5,730	5,931	3,499	3,462
Amortisation of intangible assets	2,448	2,300	1,992	1,859
Amortisation of long-term prepaid expenses	1,250	1,132	823	1,227
Gains on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(861)	(87)	(856)	(60)
Damage or scrapping of fixed assets and oil and gas properties	2,308	1,768	272	1,731
Capitalised exploratory costs charged to expense	4,730	5,986	4,717	3,722
Safety fund reserve	2,067	2,335	1,394	1,490
Finance expense	13,490	13,304	10,865	9,871
Investment income	(1,063)	(5,233)	(17,726)	(18,501)
Changes in deferred taxation	(4,034)	(3,151)	(5,639)	(2,136)
(Increase) / decrease in inventories	(1,530)	1,406	9,293	3,699
Increase in operating receivables	(6,319)	(24,244)	(2,611)	(572)
(Decrease) / increase in operating payables	(29,270)	(5,961)	(314)	1,641
Net cash flows from operating activities	79,080	134,425	53,365	89,073

(b) Net increase in cash and cash equivalents

	Group		Company	
	For the six months ended June 30, 2020	For the six months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Cash at the end of the period	90,335	90,640	19,136	19,012
Less: Cash at the beginning of the period	(86,409)	(85,954)	(4,636)	(13,109)
Add: Cash equivalents at the end of the period	-	-	-	-
Less: Cash equivalents at the beginning of the period	-	-	-	-
Increase in cash and cash equivalents	3,926	4,686	14,500	5,903

(All amounts in RMB millions unless otherwise stated)

(c) Cash and cash equivalents

	Group		Company	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Cash at bank and on hand	113,749	110,665	21,136	6,636
Less: Time deposits with maturities over 3 months	(23,414)	(24,256)	(2,000)	(2,000)
Cash and cash equivalents at the end of the period	90,335	86,409	19,136	4,636

56 Leasing

The leases where the Group is a lessee

Right-of-use assets

	December 31, 2019	Addition	Reduction	June 30, 2020
Cost				
Land	104,821	266	(101)	104,986
Buildings	91,920	2,880	(35,978)	58,822
Equipment and Machinery	2,934	101	(243)	2,792
Other	2,068	298	(1,190)	1,176
Total	201,743	3,545	(37,512)	167,776
Accumulated depreciation				
Land	(3,623)	(1,795)	7	(5,411)
Buildings	(7,369)	(3,458)	2,052	(8,775)
Equipment and Machinery	(718)	(283)	49	(952)
Other	(401)	(234)	96	(539)
Total	(12,111)	(5,770)	2,204	(15,677)
Net book value				
Land	101,198			99,575
Buildings	84,551			50,047
Equipment and Machinery	2,216			1,840
Other	1,667			637
Total	189,632			152,099

The lease term of the Group's lease land use right ranges from two to thirty years. The lease underlying assets classified as buildings are mainly the leased gas filling station, oil storage and office building. The lease underlying assets classified as equipment and machinery are mainly drilling equipment, production equipment and other movable equipment.

Depreciation charged to profit or loss provided on right-of-use assets for the six months ended June 30, 2020 was RMB 5,730 (for the six months ended June 30, 2019: 5,931).

(All amounts in RMB millions unless otherwise stated)

Lease Liabilities

Item	30 June, 2020	31 December, 2019
Lease liabilities	135,580	171,536
Less: Lease liabilities due within one year (Note 29)	(6,163)	(7,393)
	129,417	164,143

Analysis of the undiscounted cash flow of the lease liability is as follows:

	June 30, 2020	June 30, 2019
Within one year	11,659	14,304
Between one to two years	9,868	13,569
Between two to five years	30,327	37,531
Over five years	160,584	210,750
	212,438	276,154

57 SEGMENT REPORTING

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Exploration and Production, Refining and Chemicals, Marketing, and Natural Gas and Pipeline. On the basis of these operating segments, the management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market prices. Additionally, the Group has presented geographical information based on entities located in regions with similar risk profile.

The Exploration and Production segment is engaged in the exploration, development, production and marketing of crude oil and natural gas.

The Refining and Chemicals segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, and derivative petrochemical products and other chemical products.

The Marketing segment is engaged in the marketing of refined products and trading business.

The Natural Gas and Pipeline segment is engaged in the transmission of natural gas, crude oil and refined products and the sale of natural gas.

The Head Office and Other segment relates to cash management and financing activities, the corporate center, research and development, and other business services supporting the operating business segments of the Group.

(All amounts in RMB millions unless otherwise stated)

In 2020, in order to promote the transformation and upgrading of refining and chemicals business, promote the quality-oriented business development of refined products and lubricating oil production and marketing, promote specialised operation, market-oriented operation, lean management and integrated coordination, the Group transferred PetroChina Fuel Oil Co., Ltd. and PetroChina Lubricant Company from Marking to Refining and Chemicals, and synchronize budget control and performance evaluation indicator accordingly. The comparative data regarding the Refining and Chemicals and the Marketing segment in the same period of 2019 are restated, and two companies above are as included in the Refining and Chemicals segment from the earliest reporting period as reported.

The accounting policies of the operating segments are the same as those described in Note 4 - "Principal Accounting Policies and Accounting Estimates".

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2020 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	255,450	369,811	749,203	179,341	469	1,554,274
Less: Intersegment revenue	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from external customers	42,829	111,013	612,767	162,056	380	929,045
Segment expenses (i)	(199,389)	(188,774)	(495,888)	(37,208)	(7,456)	(928,715)
Segment result	11,250	(9,902)	(8,364)	14,370	(7,024)	330
Unallocated expenses						(20,083)
Operating loss						(19,753)
Segment assets	1,516,402	394,777	491,429	533,640	1,648,329	4,584,577
Other assets						38,258
Elimination of intersegment balances (ii)						(1,945,211)
Total assets						2,677,624
Segment liabilities	659,479	179,780	311,763	280,577	635,164	2,066,763
Other liabilities						66,328
Elimination of intersegment balances (ii)						(856,132)
Total liabilities						1,276,959
Depreciation, depletion and amortisation	(81,810)	(11,819)	(8,661)	(11,262)	(835)	(114,387)
Asset impairment losses / (reversal)	4,201	203	3,754	(7)	-	8,151
Credit losses / (reversal)	19	(4)	197	139	-	351
Capital expenditures	54,366	6,418	6,491	7,279	207	74,761

(All amounts in RMB millions unless otherwise stated)

(b) Segment information as of and for the six months ended June 30, 2019 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	326,339	486,366	982,656	196,163	598	1,992,122
Less: Intersegment revenue	(266,789)	(341,377)	(166,913)	(20,703)	(81)	(795,863)
Revenue from external customers	59,550	144,989	815,743	175,460	517	1,196,259
Segment expenses (i)	(206,725)	(245,196)	(621,504)	(39,829)	(8,646)	(1,121,900)
Segment result	55,329	7,818	1,387	17,932	(8,107)	74,359
Unallocated expenses						(9,267)
Operating profit						65,092
Segment assets	1,441,761	356,199	463,785	526,718	1,457,574	4,246,037
Other assets						30,671
Elimination of intersegment balances (ii)						(1,638,929)
Total assets						2,637,779
Segment liabilities	594,156	130,680	280,690	263,859	633,368	1,902,753
Other liabilities						62,854
Elimination of intersegment balances (ii)						(753,945)
Total liabilities						1,211,662
Depreciation, depletion and amortisation	(77,089)	(11,737)	(8,032)	(10,910)	(840)	(108,608)
Asset impairment (reversal) / losses	-	(16)	808	(8)	-	784
Credit losses / (reversal)	42	(25)	(63)	(187)	8	(225)
Capital expenditures	69,383	5,948	3,266	5,083	274	83,954

(i) Segment expenses include operating costs, taxes and surcharges, selling expenses, general and administrative expenses, research and development expenses, and other income.

(ii) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(2) Geographical information

Revenue from external customers	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Chinese mainland	560,413	711,359
Other	368,632	484,900
	929,045	1,196,259

Non-current assets (i)	June 30, 2020	December 31, 2019
Chinese mainland	1,959,306	2,027,541
Other	212,440	213,427
	2,171,746	2,240,968

(i) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Parent Company

(a) General information of parent company

CNPC, the immediate parent of the Company, is a limited liability company directly controlled by the PRC government.

	Type of Legal Entity	Place of incorporation	Legal representative	Principal activities
China National Petroleum Corporation	Limited liability company (wholly state-owned)	PRC	Dai Houliang	Oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, construction and technical services and petroleum equipment manufacturing etc.

(b) Equity interest and voting rights of parent company

	June 30, 2020		December 31, 2019	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	80.41	80.41	80.41	80.41

(2) Subsidiaries

Details about subsidiaries and related information are disclosed in Note 6(1).

(3) Nature of Related Parties that are not controlled by the Company

Names of related parties	Relationship with the Company
Petrolneos Refining Limited	Associate
China Petroleum Finance Co., Ltd.	Associate
CNPC Captive Insurance Co., Ltd.	Associate
China National Aviation Fuel Group Limited	Associate
China Marine Bunker (PetroChina) Co., Ltd.	Joint venture
Mangistau Investment B.V.	Joint venture
Trans-Asia Gas Pipeline Co., Ltd.	Joint venture
CNPC Bohai Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
CNPC Oriental Geophysical Exploration Co., Ltd.	Fellow subsidiary of CNPC
CNPC Chuanqing Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
Daqing Petroleum Administrative Bureau Co., Ltd.	Fellow subsidiary of CNPC
Liaohe Petroleum Exploration Bureau Co., Ltd.	Fellow subsidiary of CNPC
China Petroleum Pipeline Bureau Co., Ltd.	Fellow subsidiary of CNPC
CNPC Transportation Co., Ltd.	Fellow subsidiary of CNPC
CNPC Material Company Co., Ltd.	Fellow subsidiary of CNPC
China National Oil International Exploration and Development Co., Ltd.	Fellow subsidiary of CNPC
China National United Oil Corporation Co., Ltd.	Fellow subsidiary of CNPC

(4) Summary of significant related party transactions

(a) Related party transactions with CNPC and its subsidiaries:

On August 25, 2011, on the basis of Comprehensive Products and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by the CNPC and its subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price. On the basis of the existing Comprehensive Products and Services Agreement, the Company and CNPC entered into a new Comprehensive Products and Services Agreement on August 24, 2017 for a period of three years which took effect on January 1, 2018. The new Comprehensive Products and Services Agreement includes all the terms of the existing Comprehensive Products and Services Agreement.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing On August 24, 2017, the Company and CNPC issued confirmation letter separately, and adjusted area and fee of leasing land. The Company agreed to lease an aggregate area of approximately 1,773 million square meters from CNPC, and adjusted the total fee of land, according to the newly confirmed area of leasing land and the situation of land market. In addition, the annual fee (exclusive of tax and government charges) of land was adjusted to no more than RMB 5,783. Besides area and fee of land, the other lease terms of the Land Use Rights Leasing Contract and Supplemental Land Use Rights Leasing Contract kept the same. The confirmation letter was effective since January 1, 2018.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effective thereafter. On August 24, 2017, the Company and CNPC entered into a New Buildings Leasing Contract which took effect on January 1, 2018. The Revised Buildings Leasing Contract was terminated on the effective date of the New Buildings Leasing Contract. Under this contract, buildings covering an aggregate area of 1,152,968 square meters were leased at rental payable approximately RMB 730. The New Building Leasing Contract will expire at December 31, 2037. The area and total fee payable for the lease of all such property may, every three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed.

(All amounts in RMB millions unless otherwise stated)

	Notes	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	32,839	50,291
Purchase of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	39,579	46,170
Fees for production services	(3)	47,944	67,048
Social services charges	(4)	578	1,075
Ancillary services charges	(5)	419	605
Material supply services	(6)	4,625	6,012
Financial services			
Interest income	(7)	130	210
Interest expense	(8)	3,906	4,584
Other financial services expense	(9)	707	641
Rental and other expenses paid to CNPC and its subsidiaries	(10)	4,158	4,002
Purchases of assets from CNPC and its subsidiaries	(11)	430	330

Notes:

(1) Primarily crude oil, natural gas, refined products, chemical products and the supply of water, electricity, gas, heat, measurement, quality inspection, etc.

(2) Construction and technical services comprise geophysical survey, drilling, well cementing, logging, well testing, oil testing, oilfield construction, refineries and chemical plants construction, engineering design and supervision, repair of equipment, etc.

(3) Production services comprise the repair of machinery and equipments, supply of water, electricity and gas, provision of services such as communication, transportation, fire fighting, asset leasing, environmental protection and sanitation, maintenance of roads, manufacture of replacement parts and machinery, etc.

(4) Social services comprise mainly security service, education, hospitals, preschool, etc.

(5) Ancillary services mainly comprise property management and provision of training centres, guesthouses, canteens, public shower rooms, etc.

(6) Material supply services comprise mainly purchase of materials, quality control, storage of materials and delivery of materials, etc.

(7) The bank deposits in CNPC and its fellow subsidiaries as of June 30, 2020 were RMB 34,109 (December 31, 2019: RMB 28,304).

(8) The loans from CNPC and its fellow subsidiaries including long-term borrowings, long-term borrowings due within one year and short-term borrowings as of June 30, 2020 were RMB 173,306 (December 31, 2019: RMB 179,699).

(9) Other financial services expense primarily refers to expense of insurance and other services.

(10) Rental and other expenses paid to CNPC and its subsidiaries refer to: 1) Rental was calculated and paid in accordance with the Building and Land Use Rights leasing contract between the group and CNPC. 2) Rents and other payments (including all rents, leasing service fees and prices for exercising purchase options) were paid according to other lease agreements entered in to by the Group and CNPC and its fellow subsidiaries.

(11) Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment.

(All amounts in RMB millions unless otherwise stated)

(b) Related party transactions with associates and joint ventures:

The transactions between the Group and its associates and joint ventures are conducted at government-prescribed prices or market prices.

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
(a) Sales of goods		
- Crude Oil	2,631	2,184
- Refined products	10,971	14,593
- Chemical products	585	193
- Natural Gas	-	256
(b) Sales of services	23	21
(c) Purchases of goods	11,406	10,001
(d) Purchases of services	895	905

(5) Commissioned loans

The Company and its subsidiaries commissioned China Petroleum Finance Co., Ltd. and other financial institutions to provide loans to each other, charging interest in accordance with the prevailing interest rates. Loans between the Company and its subsidiaries have been eliminated in the consolidated financial statements. As of June 30, 2020, the eliminated commissioned loans include the loans provided by the Company to its subsidiaries amounted to RMB 2,099 (December 31, 2019:RMB 3,918) and the loans provided to the Company by its subsidiaries amounted to RMB 26,233 (December 31, 2019:RMB 39,397).

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 29, Note 30 and Note 31.

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2020	December 31, 2019
CNPC and its subsidiaries		
Accounts receivable	7,651	11,646
Other receivables	4,613	4,616
Advances to suppliers	12,436	6,399
Other non-current assets	12,396	8,135
Associates and joint ventures		
Accounts receivable	72	1,143
Advances to suppliers	230	123
Other current assets	12,607	11,951
Other non-current assets	7,588	8,107
Other receivables	-	302

As of June 30, 2020, the provisions for bad debts of the receivables from related parties amounted to RMB 5 (December 31, 2019: RMB 5).

As of June 30, 2020, the receivables from related parties represented 36% (December 31, 2019: 36%) of total receivables.

(b) Payables to related parties

	June 30, 2020	December 31, 2019
CNPC and its subsidiaries		
Notes payable	823	449
Accounts payable	45,563	56,661
Other payables	4,413	3,131
Contract liabilities	577	718
Lease liabilities (including lease liabilities due within one year)	104,319	139,250
Other non-current liabilities	155	827
Associates and joint ventures		
Accounts payable	646	894
Other payables	85	70
Contract liabilities	13	74

As of June 30, 2020, the payables to related parties represented 31% (December 31, 2019: 36%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2020 RMB'000	For the six months ended June 30, 2019 RMB'000
Key management personnel compensation	4,429	4,821

59 CONTINGENT LIABILITIES

(1) Bank and other guarantees

As of June 30, 2020 and December 31, 2019, the Group did not guarantee related parties or third parties any significant borrowings or others.

(2) Environmental liabilities

China has adopted extensive environmental laws and regulations that affect the operation of the oil and gas industry. Under existing legislation, however, management believes that there are no probable liabilities, except for the amounts which have already been reflected in the consolidated financial statements, which may have a material adverse effect on the financial position of the Group.

(All amounts in RMB millions unless otherwise stated)

(3) Legal contingencies

During the reporting period, the Group has complied with domestic and overseas laws and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding of the Group, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(4) Group insurance

The Group has insurance coverage for vehicles and certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and also employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

60 COMMITMENTS

(1) Capital commitments

As of June 30, 2020, the Group's capital commitments contracted but not provided for were RMB 56,404 (December 31, 2019: RMB 56,856).

The operating lease and capital commitments above are transactions mainly with CNPC and its fellow subsidiaries.

(2) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. No payments were incurred for the six months ended June 30, 2020 (for the six months ended June 30, 2019: nil).

Pursuant to the prevailing policies, estimated annual payments for the next five years are as follows:

	June 30, 2020
Within one year	800
Between one and two years	800
Between two and three years	800
Between three and four years	800
Between four and five years	800

61 EVENTS AFTER THE BALANCE SHEET DATE

On July 23, 2020, the Company entered into the Framework Agreement on Transaction of Oil and Gas Pipeline Relevant Assets and 10 sub-agreements including the Equity Acquisition Agreement on PetroChina Pipeline Co., Ltd., and the Production and Operation Agreement with China Oil&Gas Pipeline Network Corporation ("PipeChina"). The Company proposes to sell its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to PipeChina for 29.9% of its equity interests (equivalent to RMB149,500 million) and corresponding cash consideration. Taking December 31, 2019 as the base date, the book value of the net assets, disposed in this transaction, attributable to owners of the Company is RMB222,880 million, and the appraised value is RMB268,705 million. The final transaction consideration is based on the appraised value, taking into account factors such as the profit and loss during the transition period, subsequent adjustment events and the timing of the delivery of initial oil and gas assets, which will be determined after audit. The transaction has been reviewed and approved by the 6th meeting of the Board of Directors of the Company of 2020 and the 4th meeting of the Supervisory Committee of the Company of 2020. Uncertainty remains since it is subject to the approval of relevant governmental authorities and the general meeting of the Company. Please refer to the announcements published by the Company on the website of Shanghai Stock Exchange numbered as Lin 2020-032 and Lin 2020-033 on July 23, 2020 and August 12, 2020, and the announcement published by the Company on the website of Hong Kong Stock Exchange for details.

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

PETROCHINA COMPANY LIMITED
SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2020
(All amounts in RMB millions unless otherwise stated)

FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

1 NON-RECURRING PROFIT/LOSS ITEMS

	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Net losses on disposal of non-current assets	(1,447)	(1,446)
Government grants recognised in the income statement	198	483
Reversal of provisions for bad debts against receivables	16	292
Net gains arising from the disposal of the subsidiary	393	125
Other non-operating income and expenses	3,340	(2,034)
	2,500	(2,580)
Tax impact of non-recurring profit/loss items	(685)	600
Impact of non-controlling interests	(11)	14
Total	1,804	(1,966)

2 SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

The consolidated net loss for the six months under IFRS and CAS were RMB 23,324 and RMB 23,327 respectively, with a difference of RMB 3; the consolidated shareholders' equity for the six months under IFRS and CAS were RMB 1,400,395 and RMB 1,400,665 respectively, with a difference of RMB 270. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999.

During the Restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2020 and June 30, 2019

(All amounts in RMB millions unless otherwise stated)

	Notes	Six months ended June 30	
		2020	2019
		RMB	RMB
REVENUE	5	929,045	1,196,259
OPERATING EXPENSES			
Purchases, services and other		(627,188)	(796,103)
Employee compensation costs		(60,746)	(65,028)
Exploration expenses, including exploratory dry holes		(10,569)	(12,267)
Depreciation, depletion and amortisation		(114,388)	(108,607)
Selling, general and administrative expenses		(29,883)	(32,695)
Taxes other than income taxes	6	(98,931)	(113,088)
Other income net		6,617	2,192
TOTAL OPERATING EXPENSES		(935,088)	(1,125,596)
(LOSS) / PROFIT FROM OPERATIONS		(6,043)	70,663
FINANCE COSTS			
Exchange gain		6,409	4,907
Exchange loss		(5,966)	(5,197)
Interest income		1,396	1,893
Interest expense		(14,886)	(15,197)
TOTAL NET FINANCE COSTS		(13,047)	(13,594)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		570	4,707
(LOSS) / PROFIT BEFORE INCOME TAX EXPENSE	7	(18,520)	61,776
INCOME TAX EXPENSE	8	(4,804)	(22,638)
(LOSS) / PROFIT FOR THE PERIOD		(23,324)	39,138
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Fair value changes in equity investment measured at fair value through other comprehensive income		(64)	195
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		(444)	2,475
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		75	337
OTHER COMPREHENSIVE INCOME, NET OF TAX		(433)	3,007
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(23,757)	42,145
(LOSS) / PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(29,983)	28,423
Non-controlling interests		6,659	10,715
		(23,324)	39,138
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(31,297)	29,175
Non-controlling interests		7,540	12,970
		(23,757)	42,145
BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	9	(0.164)	0.155

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019

(All amounts in RMB millions unless otherwise stated)

	Notes	June 30, 2020 RMB	December 31, 2019 RMB
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,745,642	1,783,224
Investments in associates and joint ventures		104,010	102,073
Equity investments measured at fair value through other comprehensive income		818	922
Right-of-use assets		217,306	254,736
Intangible and other non-current assets		104,520	100,663
Deferred tax assets		29,391	24,259
Time deposits with maturities over one year		3,533	120
TOTAL NON-CURRENT ASSETS		2,205,220	2,265,997
CURRENT ASSETS			
Inventories	12	175,298	181,921
Accounts receivable	13	63,550	64,184
Prepayments and other current assets		115,062	103,127
Notes receivable		4,468	7,016
Time deposits with maturities over three months but within one year		23,414	24,256
Cash and cash equivalents		90,335	86,409
TOTAL CURRENT ASSETS		472,127	466,913
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	14	307,786	328,314
Contract liabilities		92,376	82,490
Income taxes payable		3,393	7,564
Other taxes payable		40,877	59,818
Short-term borrowings	15	213,528	175,840
Lease liabilities		6,163	7,393
TOTAL CURRENT LIABILITIES		664,123	661,419
NET CURRENT LIABILITIES		(191,996)	(194,506)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,013,224	2,071,491
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		701,052	743,124
Reserves		304,674	304,011
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,188,747	1,230,156
NON-CONTROLLING INTERESTS		211,648	214,149
TOTAL EQUITY		1,400,395	1,444,305
NON-CURRENT LIABILITIES			
Long-term borrowings	15	314,963	290,882
Asset retirement obligations		134,557	137,935
Lease liabilities		129,417	164,143
Deferred tax liabilities		22,051	21,411
Other long-term obligations		11,841	12,815
TOTAL NON-CURRENT LIABILITIES		612,829	627,186
TOTAL EQUITY AND NON-CURRENT LIABILITIES		2,013,224	2,071,491

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2020 and June 30, 2019

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2020	2019
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit for the period	(23,324)	39,138
Adjustments for:		
Income tax expense	4,804	22,638
Depreciation, depletion and amortisation	114,388	108,607
Capitalised exploratory costs charged to expense	4,730	5,986
Safety fund reserve	2,067	2,335
Share of profit of associates and joint ventures	(570)	(4,707)
Accrual / (reversal) of provision for impairment of receivables, net	351	(225)
Write down in inventories, net	8,148	784
Loss on disposal of property, plant and equipment	2,283	1,692
Gain on disposal of other non-current assets	(836)	(246)
Gain on disposal of subsidiaries	(393)	(125)
Dividend income	(18)	(9)
Interest income	(1,396)	(1,893)
Interest expense	14,886	15,197
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(6,319)	(24,244)
Inventories	(1,530)	1,406
Accounts payable and accrued liabilities	(31,850)	(20,015)
Contract liabilities	9,886	9,193
CASH FLOWS GENERATED FROM OPERATIONS	95,307	155,512
Income taxes paid	(16,227)	(21,087)
NET CASH FLOWS FROM OPERATING ACTIVITIES	79,080	134,425

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2020 and June 30, 2019

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2020	2019
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(105,398)	(119,152)
Acquisition of investments in associates and joint ventures	(1,411)	(652)
Prepayments on long-term leases	(1,619)	(2,142)
Acquisition of intangible assets and other non-current assets	(2,242)	(2,421)
Acquisition of subsidiaries	(76)	(57)
Proceeds from disposal of property, plant and equipment	123	419
Proceeds from disposal of other non-current assets	85	190
Interest received	1,167	1,453
Dividends received	1,166	2,009
Increase in time deposits with maturities over three months	(2,571)	(9,620)
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(110,776)	(129,973)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(418,212)	(330,419)
Repayments of long-term borrowings	(97,604)	(117,485)
Repayments of lease liabilities	(6,970)	(8,120)
Interest paid	(10,125)	(9,272)
Dividends paid to non-controlling interests	(7,768)	(10,315)
Dividends paid to owners of the Company	(1,071)	(1,347)
Cash paid to acquire non-controlling interests	(2)	(998)
Increase in short-term borrowings	432,515	362,205
Increase in long-term borrowings	143,723	115,540
Cash contribution from non-controlling interests	143	288
Capital reduction of subsidiaries	-	(44)
NET CASH FLOWS FROM FINANCING ACTIVITIES	34,629	33
TRANSLATION OF FOREIGN CURRENCY	993	201
Increase in cash and cash equivalents	3,926	4,686
Cash and cash equivalents at beginning of the period	86,409	85,954
Cash and cash equivalents at end of the period	90,335	90,640

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020 and June 30, 2019

(All amounts in RMB millions unless otherwise stated)

	Attributable to Owners of the Company				Non-controlling Interests	Total Equity
	Share Capital	Retained Earnings	Reserves	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2019, as previously reported	183,021	732,182	299,083	1,214,286	196,372	1,410,658
Adjusted for the acquisition of Dalian West Pacific (Note 20)	-	(1,019)	516	(503)	(1,264)	(1,767)
Balance at January 1, 2019, as adjusted	183,021	731,163	299,599	1,213,783	195,108	1,408,891
Profit for the six months ended June 30, 2019	-	28,423	-	28,423	10,715	39,138
Other comprehensive income for the six months ended June 30, 2019	-	-	752	752	2,255	3,007
Special reserve-safety fund reserve	-	-	2,231	2,231	104	2,335
Dividends	-	(16,472)	-	(16,472)	(10,380)	(26,852)
Transaction with non-controlling interests in subsidiaries	-	-	(1,990)	(1,990)	987	(1,003)
Capital contribution from non-controlling interests	-	-	-	-	307	307
Disposal of subsidiaries	-	-	-	-	70	70
Other	-	-	(43)	(43)	(15)	(58)
Balance at June 30, 2019	183,021	743,114	300,549	1,226,684	199,151	1,425,835
Balance at January 1, 2020	183,021	743,124	304,011	1,230,156	214,149	1,444,305
(Loss) / profit for the six months ended June 30, 2020	-	(29,983)	-	(29,983)	6,659	(23,324)
Other comprehensive income for the six months ended June 30, 2020	-	-	(1,314)	(1,314)	881	(433)
Special reserve-safety fund reserve	-	-	1,926	1,926	141	2,067
Dividends	-	(12,081)	-	(12,081)	(10,481)	(22,562)
Transaction with non-controlling interests in subsidiaries	-	-	-	-	(2)	(2)
Capital contribution from non-controlling interests	-	-	-	-	143	143
Disposal of subsidiaries	-	-	1	1	(62)	(61)
Other	-	(8)	50	42	220	262
Balance at June 30, 2020	183,021	701,052	304,674	1,188,747	211,648	1,400,395

The accompanying notes are an integral part of these interim financial statements.

1 ORGANISATION AND PRINCIPAL ACTIVITIES

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by 中國石油天然氣集團公司 (China National Petroleum Corporation ("CNPC")) as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 (CNPC before and after the change of name) on December 19, 2017. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

The Group is principally engaged in (i) the exploration, development and production and marketing of crude oil and natural gas; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products; (iii) the marketing of refined products and trading business; and (iv) the transmission of natural gas, crude oil and refined products and the sale of natural gas (Note 16).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim condensed financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2019, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements as of June 30, 2020 and for the six months ended June 30, 2020 and June 30, 2019 included herein are unaudited but reflect, in the opinion of the Board of Directors, all adjustments (which generally includes only normal recurring adjustments) necessary to properly prepare the interim financial statements, in all material respects, in accordance with IAS 34. The results of operations for the six months ended June 30, 2020 are not necessarily indicative of the results of operations expected for the year ending December 31, 2020.

Costs that are incurred unevenly during the financial year are accrued or deferred in the interim financial statements only if it would be also appropriate to accrue or defer such costs at the end of the financial year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's interim financial statements.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(a) Estimation of oil and gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also important elements in testing for impairment. Changes in proved oil and gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the Group's consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved oil and gas reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil, natural gas refined and chemical products, the operation costs, the product mix, production volumes, production profile and the oil and gas reserves. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, may allow the Group to avoid the need to impair any assets or make it necessary to reverse an impairment loss recognised in prior periods, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in future, the Group may either over or under recognise the impairment losses for certain assets.

(c) Estimation of impairment of goodwill

The recoverable amount cash-generating unit containing goodwill is the greater of its value in use and the fair value less costs to sell. It is difficult to precisely estimate selling price of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to forecast sales volume, selling price and operating costs, and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions. Changes to key assumptions can significantly affect the result of the impairment assessment of goodwill.

(d) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amount of the provision recognised is the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of oil and gas properties and estimates of discount rates. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

(e) Deferred tax assets

According to the requirements of the competent tax authority, the Company paid income taxes of its branches in the Eastern and Western China Regions in aggregate. The tax losses recorded by the branches in the Eastern China Region has given rise to deferred tax assets, which are expected to be recoverable from future taxable profits generated by the branches in the Eastern China Region. Any policy adjustments may increase or decrease the amount of income tax expenses of the Company.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2019.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2020.

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

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

(All amounts in RMB millions unless otherwise stated)

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5 REVENUE

Revenue represents revenues from the sale of crude oil, natural gas, refined products and chemical products and from the transmission of crude oil, refined products and natural gas. The revenue information for the period ended June 30, 2020 and 2019 are as follows:

For the six months ended June 30, 2020 Type of Contract	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of goods and services						
Crude oil	158,463	-	231,701	-	-	390,164
Natural gas	60,737	-	90,813	136,071	-	287,621
Refined products	-	298,095	402,271	-	-	700,366
Chemical products	-	68,712	12,750	-	-	81,462
Pipeline transportation business	-	-	-	33,462	-	33,462
Non-oil sales in gas stations	-	-	11,151	-	-	11,151
Others	36,162	2,936	443	9,564	456	49,561
Intersegment elimination	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from contracts with customers	42,741	110,945	612,693	161,812	367	928,558
Other revenue						487
Total						929,045
Geographical Region						
Chinese mainland	13,050	110,945	273,758	161,812	367	559,932
Others	29,691	-	338,935	-	-	368,626
Revenue from contracts with customers	42,741	110,945	612,693	161,812	367	928,558
Other revenue						487
Total						929,045

PETROCHINA COMPANY LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED
INTERIM CONDENSED FINANCIAL STATEMENTS
For the six months ended June 30, 2020
(All amounts in RMB millions unless otherwise stated)

For the six months ended June 30, 2019 Type of Contract	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of goods and services						
Crude oil	228,732	-	281,209	-	-	509,941
Natural gas	56,118	-	122,078	147,451	-	325,647
Refined products	-	405,002	555,002	-	-	960,004
Chemical products	-	77,862	12,795	-	-	90,657
Pipeline transportation business	-	-	-	34,671	-	34,671
Non-oil sales in gas stations	-	-	10,790	-	-	10,790
Others	41,395	3,403	710	13,817	598	59,923
Intersegment elimination	(266,753)	(341,328)	(166,893)	(20,496)	(81)	(795,551)
Revenue from contracts with customers	59,492	144,939	815,691	175,443	517	1,196,082
Other revenue						177
Total						1,196,259
Geographical Region						
Chinese mainland	18,496	140,013	376,719	175,443	517	711,188
Others	40,996	4,926	438,972	-	-	484,894
Revenue from contracts with customers	59,492	144,939	815,691	175,443	517	1,196,082
Other revenue						177
Total						1,196,259

Note: In 2020, the Group transferred PetroChina Fuel Oil Co., Ltd. and PetroChina Lubricant Company from Marking to Refining and Chemicals, and restated the comparative information for the previous period accordingly (See Note 16).

6 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2020	2019
	RMB	RMB
Consumption tax	73,377	81,137
Resource tax	9,393	12,088
Crude oil special gain levy	178	799
Other	15,983	19,064
	98,931	113,088

(All amounts in RMB millions unless otherwise stated)

7 (LOSS) / PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2020	2019
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from equity investment measured at fair value through other comprehensive income	18	9
Reversal of provision for impairment of receivables	16	292
Reversal of write down in inventories	39	62
Gain on disposal of investment in subsidiaries	393	125
Charged		
Amortisation of intangible and other assets	2,342	2,212
Depreciation and impairment losses:		
Owned property, plant and equipment	104,962	99,245
Right-of-use assets	7,084	7,111
Cost of inventories recognised as expense	759,624	932,676
Provision for impairment of receivables	367	67
Interest expense (i)	14,886	15,197
Loss on disposal of property, plant and equipment	2,283	1,692
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	1,508	1,522
Research and development expenses	6,775	7,687
Write down in inventories	8,187	846
(i) Interest expense		
Interest expense	15,346	15,812
Include: Interest on lease liabilities	3,440	3,504
Less: Amount capitalised	(460)	(615)
	14,886	15,197

8 INCOME TAX EXPENSE

	Six months ended June 30	
	2020	2019
	RMB	RMB
Current taxes	8,838	25,789
Deferred taxes	(4,034)	(3,151)
	4,804	22,638

(All amounts in RMB millions unless otherwise stated)

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. In accordance with the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the SAT on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No.58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%. On April 23, 2020, the MOF, the SAT and the NDRC issued the Notice on Continuing the Income Tax Policy for Western Development (Notice No.23 of 2020 of the MOF, the SAT, the NDRC), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2021 to December 31, 2030.

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2020 and June 30, 2019 have been computed by dividing profit attributable to owners of the Company by 183,021 million shares issued and outstanding during the period.

There are no potentially dilutive ordinary shares.

10 DIVIDENDS

	Six months ended June 30	
	2020	2019
	RMB	RMB
Interim dividends attributable to owners of the Company for 2020 (a)	16,000	-
Interim dividends attributable to owners of the Company for 2019 (c)	-	14,212

(a) As authorised by shareholders in the Annual General Meeting on June 11, 2020, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2020 of RMB 0.08742 yuan per share amounting to a total of RMB 16,000 on August 27, 2020. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the statement of financial position.

(b) Final dividends attributable to owners of the Company in respect of 2019 of RMB 0.06601 yuan per share amounting to a total of RMB 12,081 were approved by the shareholders in the Annual General Meeting on June 11, 2020 and were paid on June 30, 2020 (A shares) and July 31, 2020(H shares).

(c) Interim dividends attributable to owners of the Company in respect of 2019 of RMB 0.07765 yuan per share amounted to a total of RMB 14,212, and were paid on September 24, 2019 (A shares) and November 1, 2019 (H shares).

(d) Final dividends attributable to owners of the Company in respect of 2018 of RMB 0.09 yuan per share amounting to a total of RMB 16,472 and were approved by the shareholders in the Annual General Meeting on June 13, 2019 and were paid on June 28, 2019 (A shares) and August 2, 2019 (H shares).

(All amounts in RMB millions unless otherwise stated)

11 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2020	3,985,598
Additions	84,839
Disposals or write offs	(18,910)
Currency translation differences	(1,219)
At June 30, 2020	4,050,308
Accumulated depreciation and impairment	
At January 1, 2020	(2,202,374)
Charge for the period and others	(110,785)
Disposals or write offs	7,455
Currency translation differences	1,038
At June 30, 2020	(2,304,666)
Net book value	
At June 30, 2020	1,745,642

	RMB
Cost	
At January 1, 2019	3,741,441
Additions	85,964
Disposals or write offs	(10,259)
Currency translation differences	4,320
At June 30, 2019	3,821,466
Accumulated depreciation and impairment	
At January 1, 2019	(2,032,053)
Charge for the period and others	(99,436)
Disposals or write offs	2,601
Currency translation differences	(2,015)
At June 30, 2019	(2,130,903)
Net book value	
At June 30, 2019	1,690,563

(All amounts in RMB millions unless otherwise stated)

12 INVENTORIES

	June 30, 2020	December 31, 2019
	RMB	RMB
Crude oil and other raw materials	50,550	56,166
Work in progress	8,772	15,159
Finished goods	118,825	112,003
Spare parts and consumables	80	88
	178,227	183,416
Less: Write down in inventories	(2,929)	(1,495)
	175,298	181,921

13 ACCOUNTS RECEIVABLE

	June 30, 2020	December 31, 2019
	RMB	RMB
Accounts receivable	66,339	66,615
Less: Provision for impairment of accounts receivable	(2,789)	(2,431)
	63,550	64,184

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the invoice date (or date of revenue recognition, if earlier), as of June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
	RMB	RMB
Within 1 year	62,877	63,392
Between 1 and 2 years	393	419
Between 2 and 3 years	97	267
Over 3 years	183	106
	63,550	64,184

The Group offers its customers credit terms up to 180 days.

(All amounts in RMB millions unless otherwise stated)

Movements in the provision for impairment of accounts receivable are as follows:

	Six months ended June 30	
	2020	2019
	RMB	RMB
At beginning of the period	2,431	4,053
Provision for impairment of accounts receivable	367	67
Receivables written off as uncollectible	(1)	(1)
Reversal of provision for impairment of accounts receivable	(8)	(284)
At end of the period	2,789	3,835

14 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
	RMB	RMB
Trade payables	103,220	148,335
Salaries and welfare payable	11,483	10,169
Accrued expenses	21,679	10
Dividends payable	14,112	389
Interests payable	3,470	4,719
Construction fee and equipment cost payables	87,713	111,767
Other (i)	66,109	52,925
	307,786	328,314

(i) Other consists primarily of notes payables, insurance payable, etc.

The aging analysis of trade payables as of June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
	RMB	RMB
Within 1 year	91,715	136,670
Between 1 and 2 years	3,353	5,472
Between 2 and 3 years	3,477	3,180
Over 3 years	4,675	3,013
	103,220	148,335

(All amounts in RMB millions unless otherwise stated)

15 BORROWINGS

	June 30, 2020	December 31, 2019
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	105,280	90,497
Current portion of long-term borrowings	108,248	85,343
	213,528	175,840
Long-term borrowings	314,963	290,882
	528,491	466,722

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2020	466,722
Increase in borrowings	576,238
Decrease in borrowings	(515,816)
Currency translation differences	1,347
Balance at June 30, 2020	528,491

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

	June 30, 2020	December 31, 2019
	RMB	RMB
Within 1 year	226,754	188,771
Between 1 and 2 years	65,320	30,090
Between 2 and 5 years	243,012	253,918
After 5 years	33,315	31,576
	568,401	504,355

16 SEGMENT INFORMATION

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Exploration and Production, Refining and Chemicals, Marketing, and Natural Gas and Pipeline. On the basis of these operating segments, the management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market prices. Additionally, the Group presents geographical information based on entities located in regions with a similar risk profile.

The Exploration and Production segment is engaged in the exploration, development, production and marketing of crude oil and natural gas.

The Refining and Chemicals segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products.

The Marketing segment is engaged in the marketing of refined products and the trading business.

The Natural Gas and Pipeline segment is engaged in the transmission of natural gas, crude oil and refined products and the sale of natural gas.

The Head Office and Other segment relates to cash management and financing activities, the corporate center, research and development, and other business services supporting the operating business segments of the Group.

In 2020, in order to promote the transformation and upgrading of refining and chemicals business, promote the quality-oriented business development of refined products and lubricating oil production and marketing, promote specialised operation, market-oriented operation, lean management and integrated coordination, the Group transferred PetroChina Fuel Oil Co., Ltd. and PetroChina Lubricant Company from Marking to Refining and Chemicals, and synchronize budget control and performance evaluation indicator accordingly. The comparative data regarding the Refining and Chemicals and the Marketing segment in the same period of 2019 are restated, and two companies above are as included in the Refining and Chemicals segment from the earliest reporting period as reported.

The accounting policies of the operating segments are the same as those described in Note 2 "Basis of Preparation and Accounting Policies".

(All amounts in RMB millions unless otherwise stated)

The segment information for the operating segments for the six months ended June 30, 2020 and 2019 is as follows:

Six months ended June 30, 2020	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	255,450	369,811	749,203	179,341	469	1,554,274
Less: intersegment sales	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from external customers	42,829	111,013	612,767	162,056	380	929,045
Depreciation, depletion and amortisation	(81,813)	(11,813)	(8,664)	(11,263)	(835)	(114,388)
Profit / (loss) from operations	10,351	(10,540)	(12,892)	14,372	(7,334)	(6,043)
Finance costs:						
Exchange gain						6,409
Exchange loss						(5,966)
Interest income						1,396
Interest expense						(14,886)
Total net finance costs						(13,047)
Share of (loss) / profit of associates and joint ventures	(103)	32	(956)	236	1,361	570
Loss before income tax expense						(18,520)
Income tax expense						(4,804)
Loss for the period						(23,324)
Segment assets	1,470,562	393,317	473,049	523,491	1,619,871	4,480,290
Other assets						38,258
Investments in associates and joint ventures	45,626	1,405	18,372	10,148	28,459	104,010
Elimination of intersegment balances (a)						(1,945,211)
Total assets						2,677,347
Capital expenditures	54,366	6,418	6,491	7,279	207	74,761
Segment liabilities	659,479	179,780	311,763	280,577	635,164	2,066,763
Other liabilities						66,321
Elimination of intersegment balances (a)						(856,132)
Total liabilities						1,276,952

(All amounts in RMB millions unless otherwise stated)

Six months ended June 30, 2019	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	326,339	486,366	982,656	196,163	598	1,992,122
Less: intersegment sales	(266,789)	(341,377)	(166,913)	(20,703)	(81)	(795,863)
Revenue from external customers	59,550	144,989	815,743	175,460	517	1,196,259
Depreciation, depletion and amortisation	(77,094)	(11,731)	(8,032)	(10,910)	(840)	(108,607)
Profit / (loss) from operations	53,628	6,370	494	18,302	(8,131)	70,663
Finance costs:						
Exchange gain						4,907
Exchange loss						(5,197)
Interest income						1,893
Interest expense						(15,197)
Total net finance costs						(13,594)
Share of profit / (loss) of associates and joint ventures	2,325	(1)	895	173	1,315	4,707
Profit before income tax expense						61,776
Income tax expense						(22,638)
Profit for the period						39,138
Segment assets	1,399,964	354,762	445,833	519,459	1,431,842	4,151,860
Other assets						30,671
Investments in associates and joint ventures	41,584	1,367	17,943	7,258	25,736	93,888
Elimination of intersegment balances (a)						(1,638,929)
Total assets						2,637,490
Capital expenditures	69,383	5,948	3,266	5,083	274	83,954
Segment liabilities	594,156	130,680	280,690	263,859	633,368	1,902,753
Other liabilities						62,847
Elimination of intersegment balances (a)						(753,945)
Total liabilities						1,211,655

(All amounts in RMB millions unless otherwise stated)

Geographical information

	Revenue		Non-current assets (b)	
	Six months ended June 30, 2020	Six months ended June 30, 2019	June 30, 2020	December 31, 2019
	RMB	RMB	RMB	RMB
Chinese mainland	560,413	711,359	1,957,850	2,027,428
Other	368,632	484,900	213,628	213,268
	929,045	1,196,259	2,171,478	2,240,696

(a) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(b) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

17 CONTINGENT LIABILITIES

(a) Bank and other guarantees

At June 30, 2020 and December 31, 2019, the Group did not guarantee related parties or third parties any significant borrowings or others.

(b) Environmental liabilities

China has adopted extensive environmental laws and regulations that affect the operation of the oil and gas industry. Under existing legislation, however, management believes that there are no probable liabilities, except for the amounts which have already been reflected in the interim financial statements, which may have a material adverse effect on the financial position of the Group.

(c) Legal contingencies

During the reporting period, the Group has complied with domestic and overseas laws and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding of the Group, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(d) Group insurance

The Group has insurance coverage for vehicles and certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and also employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

(All amounts in RMB millions unless otherwise stated)

18 COMMITMENTS

(a) Capital commitments

At June 30, 2020, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB 56,404 (December 31, 2019: RMB 56,856).

The capital commitments above are transactions mainly with CNPC and its fellow subsidiaries.

(b) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. No payments were incurred for the six months ended June 30, 2020 (six months ended June 30, 2019: nil).

According to the current policy, estimated annual payments for the next five years are as follows:

	June 30, 2020	June 30, 2019
	RMB	RMB
Within one year	800	800
Between one and two years	800	800
Between two and three years	800	800
Between three and four years	800	800
Between four and five years	800	800

19 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a limited liability company directly controlled by the PRC government.

Related parties include CNPC and its fellow subsidiaries, associates and joint ventures, other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members.

(a) Transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group

The Group has extensive transactions with other companies in CNPC and its fellow subsidiaries. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of CNPC and its fellow subsidiaries are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group which were carried out in the ordinary course of business, are as follows:

On August 25, 2011, based on the terms of the Comprehensive Products and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by CNPC and its fellow subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price. On the basis of the existing Comprehensive Products and Services Agreement, the Company and CNPC entered into a new Comprehensive Products and Services Agreement on August 24, 2017 for a period of three years which took effect on January 1, 2018. The new Comprehensive Products and Services Agreement has already incorporated the terms of the current Comprehensive Products and previous Services Agreement.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract on August 24, 2017, which adjusted the rental payable and the area for the leased land parcels. The Company agreed to rent from CNPC parcels of land with an aggregate area of approximately 1,773 million square metres with annual rental payable (exclusive of tax and government charges) adjusted to no more than RMB 5,783 in accordance with the area of leased land parcels and the current situation of the property market. The Land Use Rights Leasing Contract shall remain unchanged, apart from the rental payable and the leased area. The confirmation letter shall be effective from January 1, 2018.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effect thereafter. On August 24, 2017, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effect on January 1, 2018. Under this contract, buildings covering an aggregate area of 1,152,968 square meters were leased at annual rental payable approximately RMB 730. The Revised Building Leasing Contract will expire at December 31, 2037. The area and total fee payable for the lease of all such property may, every three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed.

- Sales of goods represent the sale of crude oil, refined products, chemical products and natural gas, etc. The total amount of these transactions amounted to RMB 44,360 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 64,741).

- Sales of services principally represent the provision of services in connection with the transportation of crude oil and natural gas, etc. The total amount of these transactions amounted to RMB 2,689 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 2,797).

- Purchases of goods and services principally represent construction and technical services, production services, social services, ancillary services and material supply services, etc. The total amount of these transactions amounted to RMB 105,446 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 131,816).

- Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB 430 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 330).

- Interest income represents interest from deposits placed with CNPC and its fellow subsidiaries. The total interest income amounted to RMB 130 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 210). The balance of deposits at June 30, 2020 was RMB 34,109 (December 31, 2019: RMB 28,304).

- Purchases of financial service principally represents interest charged on the loans from CNPC and its fellow subsidiaries, insurance fee, etc. The total amount of these transactions amounted to RMB 4,613 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 5,225).

- The borrowings from CNPC and its fellow subsidiaries at 30 June, 2020 were RMB 173,306 (December 31, 2019: RMB 179,699).

- Rents and other payments paid to CNPC and its fellow subsidiaries represent (1) the rental expense paid by the Group according to Land Use Rights Leasing Contract and Buildings Leasing Contract; (2) the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the leasing agreements entered into by the Group and CNPC and its fellow subsidiaries. The total rents and other payments amounted to RMB 4,158 for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB 4,002).

- Amounts due from and to CNPC and its fellow subsidiaries, associates and joint ventures of the Group included in the following accounts captions are summarised as follows:

	June 30, 2020	December 31, 2019
	RMB	RMB
Accounts receivable	7,718	12,784
Prepayments and other receivables	17,279	11,441
Other current assets	12,607	11,951
Other non-current assets	19,984	16,242
Accounts payable and accrued liabilities	51,530	61,205
Contract liabilities	590	792
Lease liabilities	104,319	139,250
Other non-current liabilities	155	827

(b) Key management compensation

	Six months ended June 30	
	2020	2019
	RMB'000	RMB'000
Emoluments and other benefits	3,799	3,976
Contribution to retirement benefit scheme	630	845
	4,429	4,821

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group, the Group's transactions with other state-controlled entities include but are not limited to the following:

- Sales and purchases of goods and services,
- Purchases of assets,
- Lease of assets, and
- Bank deposits and borrowings

These transactions are conducted in the ordinary course of the Group's business.

20 BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

The Company acquired part of the equity in Dalian West Pacific Petrochemical Co., Ltd. ("Dalian West Pacific"). The industrial and commercial registration of the acquisition was completed on May 17, 2019. Before the acquisition date, the Company holds 28.436% equity of Dalian West Pacific. After the completion of the equity acquisition, the Company holds 84.475% equity of Dalian West Pacific in total.

As the Company and Dalian West Pacific are under the ultimate control of CNPC and the control is not temporary. The acquisition of Dalian West Pacific has been reflected in the accompanying consolidated financial statements as combination of entities under common control. Consequently, Dalian West Pacific has been included in the scope of consolidation during the historical period. The opening balance of the interim consolidated financial statements for the six months ended June 30, 2019 and the comparative statements have been adjusted accordingly.

21 EVENTS AFTER THE BALANCE SHEET DATE

On July 23, 2020, the Company entered into the Framework Agreement on Transaction of Oil and Gas Pipeline Relevant Assets and 10 sub-agreements including the Equity Acquisition Agreement on PetroChina Pipeline Co., Ltd., and the Production and Operation Agreement with China Oil&Gas Pipeline Network Corporation ("PipeChina"). The Company proposes to sell its major oil & gas pipelines, certain gas storages, LNG terminals and initial oil and gas (including its equity interests) to PipeChina for 29.9% of its equity interests (equivalent to RMB149,500 million) and corresponding cash consideration. Taking December 31, 2019 as the base date, the book value of the net assets, disposed in this transaction, attributable to owners of the Company is RMB222,880 million, and the appraised value is RMB268,705 million. The final transaction consideration is based on the appraised value, taking into account factors such as the profit and loss during the transition period, subsequent adjustment events and the timing of the delivery of initial oil and gas assets, which will be determined after audit. The transaction has been reviewed and approved by the 6th meeting of the Board of Directors of the Company of 2020 and the 4th meeting of the Supervisory Committee of the Company of 2020. Uncertainty remains since it is subject to the approval of relevant governmental authorities and the general meeting of the Company. Please refer to the announcements published by the Company on the website of Shanghai Stock Exchange numbered as Lin 2020-032 and Lin 2020-033 on July 23, 2020 and August 12, 2020, and the announcement published by the Company on the website of Hong Kong Stock Exchange for details.

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

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the headquarters of the Company in Beijing upon request by the relevant regulatory authorities and shareholders in accordance with the Articles of Association and the laws and regulations:

1. The financial statements under the hand and seal of the Chairman Mr. Dai Houliang, Director and President Mr. Duan Liangwei and Chief Financial Officer Mr. Chai Shouping of the Company.

2. The original copies of the documents and announcements of the Company published in the newspaper designated by the China Securities Regulatory Commission during the reporting period.

3. The Articles of Association of the Company.

CONFIRMATION FROM THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

According to the relevant provisions and requirements of the Securities Law of the People's Republic of China and the Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the China Securities Regulatory Commission, as the Directors, Supervisors and Senior Management of PetroChina Company Limited, we have carefully reviewed the interim report for 2020 and concluded that this interim report truly, accurately and completely represents the business performance of the Company in the first half of 2020, it contains no false representations, misleading statements or material omissions and complies with laws, regulations and the requirements of the China Securities Regulatory Commission.

Signatures of the Directors, Supervisors and Senior Management:

Dai Houliang	Li Fanrong	Liu Yuezhen	Lv Bo	Jiao Fangzheng
Duan Liangwei	Elsie Leung Oi-sie	Tokuchi Tatsuhito	Simon Henry	Cai Jinyong
Jiang, Simon X.	Xu Wenrong	Zhang Fengshan	Jiang Lifu	Lu Yaozhong
Wang Liang	Fu Suotang	Li Jiamin	Liu Xianhua	Li Wendong
Sun Longde	Wu Enlai	Li Luguang	Tian Jinghui	Chai Shouping
Ling Xiao	Yang Jigang			

August 27, 2020

This interim report is prepared in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

PetroChina

This report is printed on recycled paper
made in the People's Republic of China.

Designer: CNPC Printing Company Limited 010-80427353