



President's Report



In 2023, amid challenges posed by increasing geopolitical risks, a global economic slowdown, and profound changes in the energy industry, CNPC thoroughly implemented the spirit of the 20th CPC National Congress and the important instructions of President Xi Jinping, and acted on the overall plan of the Board of Directors. A holistic approach was adopted to bolster business development, reform and innovation, quality and efficiency improvement, and risk management. Our oil and gas industry chains and business operations were running smoothly and efficiently with main production indicators growing steadily and operating results reaching fresh highs. In 2023, the Company registered RMB 3.2 trillion in turnover, RMB 288 billion in earnings before taxes and RMB 195.1 billion in net profit, making important contributions to the overall recovery of the Chinese economy.

CNPC achieved remarkable results in oil, gas and new energies operations. Domestic oil and gas reserves and production grew significantly. Eight 100–mmt oil plays and eight 100–bcm gas plays were discovered and confirmed. Newly proven oil in place totaled 773.86 million tons and newly proven gas in place stood at 754.2 billion cubic meters as the SEC reserve replacement ratio improved steadily. Crude oil production reached 105.8 million tons and natural gas reached 152.9 billion cubic meters. Overseas oil and gas operations remained steady and

robust. A number of new cooperation agreements were signed with countries along the Belt and Road, and overseas equity production reached 103.82 million tons of oil equivalent for the year. New Energies operations embraced accelerated capacity expansion and upgrading. In 2023, newly added grid connection approval for clean electricity, wind and solar installed capacity, and green electricity generation were 2.6 times, 3.1 times, and 3.4 times of the previous year respectively. The capacity of new energies production increased by 44% to 11.5 million tons of coal equivalent. CO₂ injection reached 1.59 million tons, which produced 490,000 tons of oil.

CNPC made significant progress in the transformation and upgrading of Refining & Chemicals operations. The Guangdong Petrochemical project became fully operational and the key projects of Jilin Petrochemical and Guangxi Petrochemical advanced steadily. Leveraging the opportunities of market recovery, the Company processed 190.15 million tons of crude oil domestically, and produced 123.21 million tons of refined products, up 15.3% and 16.5% respectively and hitting historic highs. Production of petroleum coke and lubricant base stocks achieved double–digit growth. Ethylene production exceeded 8 million tons; PX production reached 3.53 million tons. As flagship products gained momentum, 137 new chemical products were launched, and the output increased 45% year–on–year to 1.22 million tons. New materials

production rose 60% year-on-year to 1.37 million tons.

CNPC bolstered Support & Services operations and improved market competitiveness. Oilfield services leveraged core technologies and proprietary techniques to make new endeavors in boosting reserve and production growth and optimizing market layout. Engineering & construction operations completed a number of benchmark projects and three projects won the National Quality Engineering Gold Award. Equipment manufacturing operations provided integrated "high-end products + systematic services" solutions, which increased the share of high-end and high value-added revenue significantly.

CNPC continued to deepen industry-finance integration in Capital & Finance operations. CNPC Capital's industry-finance integration played a stronger role in supporting core operations and disposed of a number of high-risk projects. Kunlun Capital made new progress in facilitating the strategic transformation of the Company. It completed 8 investment projects that synergize strongly with existing business, launched an actively managed fund, and helped to enable the commercialization of two technological achievements within CNPC.

CNPC brought its Marketing operations to the next level. Refined products sales grew significantly in both volume and profits. The Company sold 123.62 million tons of refined products domestically, up 18.6%, and its market share rose 1.5%. Performance indicators such as earnings before tax, net profit and marketing cost per ton reached ten-year best. Specialty chemical and refining products saw significant growth in sales volume, exceeding 40 million tons and 20 million tons respectively. The full-year domestic natural gas sales totaled 229.9 bcm, with an increase of 5.6%, indicating an impressive role in ensuring natural gas supply and efficiency improvement. The missions to supply natural gas for major events were completed successfully. International trade operations achieved remarkable results in guaranteeing supply, reducing costs and increasing efficiency, and total trade volume rebounded to above 500 million tons. Breakthroughs were also made in the market development of Support & Services and Finance operations.

CNPC made substantial headway in reform, innovation and corporate governance. We deepened the institutional reform and set up business

departments at two professional companies. Natural gas marketing reform was well implemented. Kunlun Manufacturing was incorporated. The advanced campaign on quality and efficiency improvement increased annual profits by RMB 22.9 billion. A three-year program was deployed to address issues in loss-making enterprises and streamline entities, and the number of loss-making subsidiaries, percentage of loss-making operations, and total losses all reached the lowest levels since 2010. Strategic scientific and technological strengths continued to build up with new breakthroughs in the debottlenecking research of core technologies. Developed by CNPC, the world's first automatic drilling rig for 12,000-meter borehole was included in the Top 10 advanced equipment of China's central SOEs. The Digital CNPC campaign advanced at a faster pace.

CNPC's QHSE performance remained sound and steady. Targeted measures were taken to address safety and environmental issues in key areas. No major QHSE incidents were reported. A coordinated approach was adopted to work on energy conservation, promote water saving, as well as cap both the intensity and total volume of greenhouse gas emissions. As one of China's Top Runners for Industrial Carbon Peaking recognized by China Federation of Industrial Economics, we reduced energy consumption by 860,000 tons of coal equivalent, water consumption by 8.54 million cubic meters throughout the year. As part of the ongoing effort to fulfill the Healthy Enterprise Action Plan, we continued to improve employee health management.

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China, and is a crucial year to achieve our goals under the 14th Five-Year Plan. In view of the new circumstances, new changes and new requirements, we will seize the development opportunities and resolve various risks, fulfill our tasks and targets for production and operation, and make new progress in high-quality development. We will strive to build a world-class enterprise, contribute to national energy security and the Chinese modernization.

President



Hou Qijun