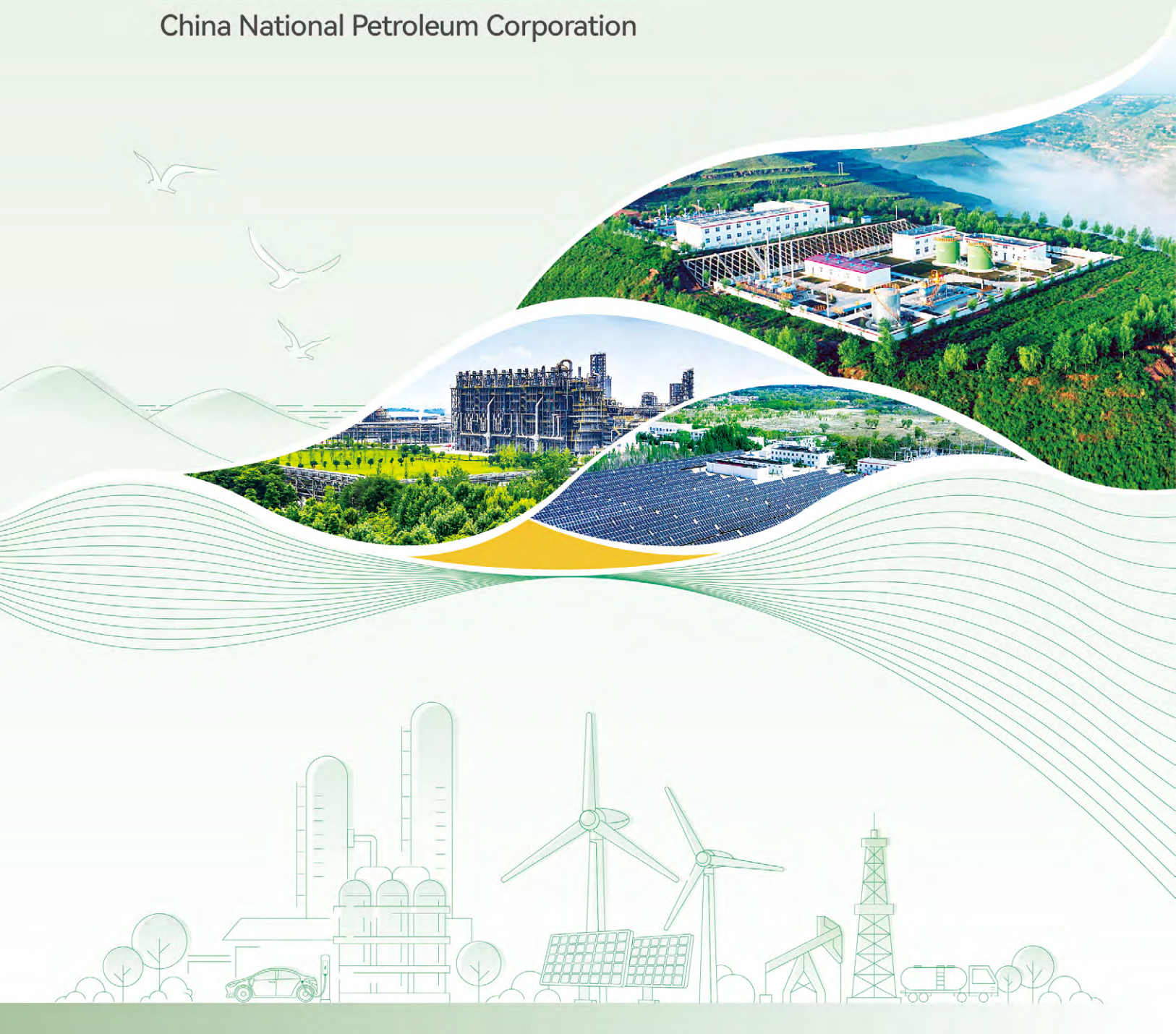




2025 Annual Report

China National Petroleum Corporation



Contents

About Us	01
Message from the Chairman	04
President's Report	06
Organization Structure	08
Operation Highlights	09
Corporate Governance	10
Key Topic	12
2025 Industry Review	16
Environment and Society	20
Human Resources	28
Technology and Innovation	34
Annual Business Review	40
Financial Statements	56
Major Events	70
Glossary	72



About Us

China National Petroleum Corporation (CNPC) is an integrated international energy & chemical company covering oil, gas & new energies, refining, chemicals, marketing & new materials, support & services, as well as capital & finance etc.

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| ● Our Mission | Building a strong energy power and empowering a better life. |
| ● Our Vision | To become a world-class integrated energy and chemical company built to last. |
| ● Our Values | Pursuing green development and providing reliable energy supply to fuel our customers' growth and power people's happy life. |
| ● Our Strategies | Innovation, Resources, Markets, Internationalization, Green & Low Carbon Development |
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Board of Directors



Dai Houliang
Chairman



Zhou Xinhuai
Director



Duan Liangwei
Director



Li Jianhong
External Director



Deng Jianling
External Director



Shi Yan
External Director



Wang Guangkun
External Director



Li Yanjiang
External Director



Zhu Qingzhong
Employee Director

Top Management



Dai Houliang
Chairman



Zhou Xinhuai
Director & President



Duan Liangwei
Director



Zhou Song
Chief Financial Officer



Ren Lixin
Vice President & Chief
HSE Supervisor



Xie Jun
Vice President



Zhang Daowei
Vice President



Chen Dongsheng
Chief of Discipline
Inspection and Supervision
Office at CNPC



Song Dayong
Vice President

Message from the Chairman



The year 2025 marked CNPC's 75th anniversary and was an extraordinary chapter in the company's history. We thoroughly studied and implemented the important speeches, instructions, and directives of President Xi Jinping, and resolutely carried out the decisions and plans of the CPC Central Committee and the State Council. Confronted with an exceptionally complex and challenging external environment, we took the "Four Key Projects"—marketing, trade and supply security, loss-making enterprise governance, and QHSE enhancement—as our focus, overcame difficulties, and delivered solid results. Our operating performance remained among the top tier of central SOEs, the 14th Five-Year Plan was successfully completed, and the company broadly achieved its phased strategic goals for high-quality development on schedule. We took solid new strides toward building a world-class enterprise, making significant contributions to safeguarding national energy security and consolidating the positive momentum of China's steady economic growth.

We focused on enhancing our efficient supply of energy resources, giving full play to our role as a mainstay of energy security. Domestically, we achieved notable results in increasing oil and gas reserves and production, with multiple major breakthroughs in exploration; oil and gas production hit another record high. Overseas, equity oil and gas production

maintained stable, profitable production exceeding 100 million tons. Natural gas sales and profitability maintained a sound growth trajectory. In refining and chemicals, structural adjustment, transformation and upgrading yielded important results. The two major ethylene projects at Jilin Petrochemical and Guangxi Petrochemical were completed and commissioned, achieving a historic breakthrough in ethylene capacity of 10 million tons per year. Output of a range of specialty refined products and high-end, high-value-added chemicals set new records, and the company rose to rank as the world's fourth-largest chemical company. Market share and profitability of refined oil products rose steadily. Trade-based supply security capacity was further strengthened. The core competitiveness of technical services, engineering and construction, equipment manufacturing, and other businesses was markedly enhanced. Capital and finance business stepped up support for the core business.

We accelerated strategic planning and implementation, energizing robust growth in emerging and future industries. New energy development gained further momentum, with a number of key wind and solar power projects completed and commissioned; installed wind and solar capacity and power generation both hit new records. The phased strategic goal of "clean substitution" in new energy development and utilization was achieved on schedule.

We took a stake in State Grid Xinyuan to deploy pumped-storage hydropower, and inaugurated CNPC Electric Energy Co., Ltd., further extending the power value chain. The new materials acceleration program picked up pace, with output maintaining rapid growth of around 50% for consecutive years. Remarkable results were achieved in scaling up the full CCUS industry chain, with CO₂ injection and utilization expanding substantially. Progress was made in high-end gas turbine manufacturing. We invested in China Fusion Energy Corporation Limited, completing a dual-track layout for the future controllable nuclear fusion industry.

We intensified innovation breakthroughs and digital-intelligent empowerment, achieving new landmark results in building national strategic scientific and technological strength. We took the lead in establishing the first National Technology Innovation Center in the oil and gas sector, and inaugurated MatriX Innovation GmbH in Germany. The Deep Earth Exploration Project achieved new breakthroughs: the Shenditake-1 Well was successfully completed, setting multiple world records, while the Shendichuanke-1 Well broke through the 10,000-meter mark. Core technology research yielded new fruits: China's first 175MPa ultra-high-pressure wellhead equipment was successfully developed, and the 100,000-ton gas-phase POE complete technology was applied commercially. Proactively embracing the AI era, we stepped up the "Three Major Projects"—IT infrastructure reinforcement, digital empowerment, and intelligent development. The production and operation platform was launched on a pilot basis, the Kunlun Large Model was iteratively upgraded, and the Yunmengze Smart Platform was fully deployed, with Digital & Intelligent CNPC taking initial shape.

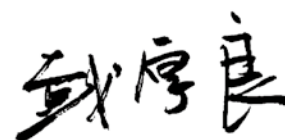
We advanced the modernization of our governance system and capabilities, making new strides in deepening reform and strengthening management. Party leadership was fully integrated into corporate governance, the standardized board of directors was continuously strengthened, and the modern enterprise system with Chinese characteristics and petroleum features was steadily improved. The state-owned enterprise reform deepening and upgrading initiative was successfully completed. Breakthrough progress was made in key reform areas, including the divisional system reform, business refocusing, and professional restructuring. The pilot integrated oil and gas marketing reform was advanced, and the overseas business management system was continuously optimized. We practiced lean management, reengineered management processes, and optimized production factors, strengthening management across the board; law-based compliance management was continuously enhanced, and quality and efficiency improvement delivered notable results. Safety and environmental protection remained stable and improved, with new strides made in building a healthy, safe, and green enterprise.

We faithfully fulfilled our responsibilities as a central SOE and made outstanding contributions to serving major national

strategies. Responding actively to the national call for "four stabilities" and the policy requirements of "two major categories" and "two new areas", we maintained a high level of investment and newly recruited college graduates hit a recent-year high, playing a notable role in stabilizing the macroeconomy, boosting local economies, and expanding employment. Guided by the principle of "beauty in shared diversity, progress along the great path", we continued to increase funding and advanced rural revitalization and paired assistance with high quality. We actively participated in the Belt and Road Initiative and signed a number of major strategic projects in international energy cooperation; we integrated into the economic and social development of host countries, increased local hiring, and earnestly fulfilled our social responsibilities. We successfully hosted a series of international events including the 7th China-Russia Energy Business Forum and the 8th CNPC International Cooperation Forum, steadily expanding CNPC's circle of friends.

The year 2026 marks the beginning of the 15th Five-Year Plan. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will adhere to the general principle of seeking progress while maintaining stability, fully, accurately, and comprehensively apply the new development philosophy, and serve and integrate into the new development paradigm. We will shoulder the strategic mission of "building a strong energy power and empowering a better life", vigorously implement the five major development strategies—innovation, resources, markets, internationalization, and green & Low carbon development—and the five strategic initiatives of strengthening the enterprise through talent, quality and efficiency improvement, low-cost development, cultural leadership, and digital and intelligent petroleum. We will highlight value creation in our core businesses, focus on intensifying collaborative R&D, develop new quality productive forces in light of local conditions, further deepen reform and strengthen management, and coordinate high-quality development with high-level security. Forging ahead with determination and courage, we will go all out to advance high-quality development and accelerate the building of a world-class integrated energy and chemical company, making new and greater contributions to comprehensively advancing the building of a strong country and the great cause of national rejuvenation through Chinese modernization.

Chairman



Dai Houliang

President's Report



In 2025, acting on the Board of Directors' overall arrangements, CNPC proactively responded to an exceptionally complex and challenging external environment. Taking the implementation of the "Four Key Projects"—marketing and sales, trade and supply security, loss-making enterprise governance, and QHSE enhancement—as the lever, the Company dynamically optimized its production and operation plans and operating schemes, strengthened integrated coordination across supply, production, marketing, storage, and trade, and ensured the smooth and orderly operation of both oil and gas industrial chains and all business segments, fully accomplishing its annual production and operation targets. For the full year, operating revenue reached RMB 3,052.5 billion, earnings before taxes RMB 275.0 billion, and net profit RMB 193.4 billion.

During the year, we vigorously promoted a virtuous cycle of increasing reserves and production, steadily enhancing the efficient energy supply capacity of our oil, gas, and new energy businesses. We pursued efficient exploration and profitable development. Domestically, we achieved three major breakthroughs in oil and gas exploration, adding 117 million tons of proved economically recoverable oil reserves and 462 billion cubic meters of gas. Crude oil production reached 106.56 million tons, natural gas production 165.5

billion cubic meters, and total oil and gas output 238 million tons of oil equivalent, hitting a new record high. Overseas equity oil and gas production rose by 6.5%. Domestic natural gas sales reached 259.2 billion cubic meters, a new record, with market share up by 1.6 percentage points. Clean energy power generation reached 26.4 billion kilowatt-hours, up 88.2%.

The past year also saw us accelerate our move toward the mid-to-high end of the value chain, making important headway in the transformation, upgrading, and structural adjustment of our refining, chemicals, marketing, and new materials businesses. The two ethylene projects at Jilin Petrochemical and Guangxi Petrochemical were completed and commissioned, achieving a historic breakthrough in ethylene capacity of 10 million tons per year. Notable results were achieved in shifting from fuels to chemicals and from fuels to specialty products. Domestically, we processed 188 million tons of crude oil and produced 118 million tons of refined products; jet fuel output exceeded 20 million tons for the first time. Output of specialty refined products, ethylene, and paraxylene rose by 5.6%, 7.5%, and 2.9% respectively. The new materials acceleration program gained momentum, with output reaching 3.33 million tons, maintaining growth of around 50% for the fourth consecutive year. Domestic sales

of refined products reached 119 million tons, with market share up by 1.2 percentage points. International trade volume reached 560 million tons, up 5.8%.

We also remained technology-driven and strengthened management over the year, achieving new improvements in the strategic support and market competitiveness of our support and service businesses. Our oilfield technology service segment provided strong support for the implementation of major science and technology projects, with the share of high-end revenue continuing to rise. Our engineering and construction segment ensured the on-time completion of a number of key projects, continuously optimized its market layout and business structure, and successfully entered the controlled nuclear fusion engineering market. Our equipment manufacturing segment developed a range of flagship products, with the share of high-end revenue reaching one-third.

On the financial front over the past year, we stayed focused on our role in industrial finance, enabling our capital and finance segment to effectively serve our core businesses and the real economy. Kunlun Capital's investment in China National Uranium Corporation Limited (CNUC) was successfully listed, marking a "zero breakthrough" in listed portfolio companies. The Kunlun Industrial Finance Fund completed its expansion, and through participation in the central SOE strategic emerging industries fund, total fund scale crossed the RMB 10 billion threshold. CNPC Capital deepened the integration of industry and finance and synergies among financial businesses, with revenue from serving core businesses growing steadily.

When it came to innovation over the past year, we accelerated technology breakthroughs, achieving landmark results in scientific and technological innovation and digital-intelligent empowerment. New progress was made in tackling key core technologies: key drilling technologies and equipment for 10,000-meter deep earth exploration are now largely under independent control; we successfully developed a range of technologies, products, and equipment, including 175 MPa ultra-high-pressure gas production wellhead equipment. We took the lead in formulating and revising 204 national and industry standards and 15 international and advanced foreign standards, and were granted 3,363 invention patents at home and abroad. "Digital and Intelligent CNPC" took initial shape: the Yunmengze Smart Platform was fully deployed, with platform economy scale exceeding RMB 700 billion; the "AI+" initiative was steadily advanced, the Kunlun Large Model was iteratively upgraded, and a number of industry-leading typical application scenarios were developed.

Over the past year, we deepened reform and strengthened management, steadily raising the level of modernization of our governance system and capabilities. A series of reform measures were implemented, including adjustments to

overseas business systems and mechanisms, the divisional system reform, and the pilot program for integrated oil and gas marketing. The state-owned enterprise reform deepening and upgrading initiative was successfully completed. We upgraded and expanded special campaigns, achieving over RMB 20 billion in quality and efficiency gains. We achieved notable results in loss-making enterprise governance, with operationally loss-making enterprises largely eliminated. We launched the "Year of Compliance Management Enhancement" campaign, and the pilot program for building a world-class law-based enterprise was successfully completed.

Over the past year, we addressed both symptoms and root causes, steadily advancing the QHSE improvement initiative. We thoroughly implemented the three-year campaign for fundamental work safety improvement, coordinating targeted rectification in key areas, hidden risk identification and treatment, and the upgrading of aging facilities. No relatively serious or above production safety accidents occurred during the year. We fought hard to prevent and control pollution, effectively addressing a number of ecological and environmental risks. No environmental pollution or ecological damage incidents occurred. For the full year, we saved energy of 750,000 tons of standard coal equivalent and water of 8.04 million cubic meters, and cut carbon emissions per RMB 10,000 of industrial output value by 6.3%. We continued to advance healthy enterprise development, with non-production deaths down by over 10% year on year.

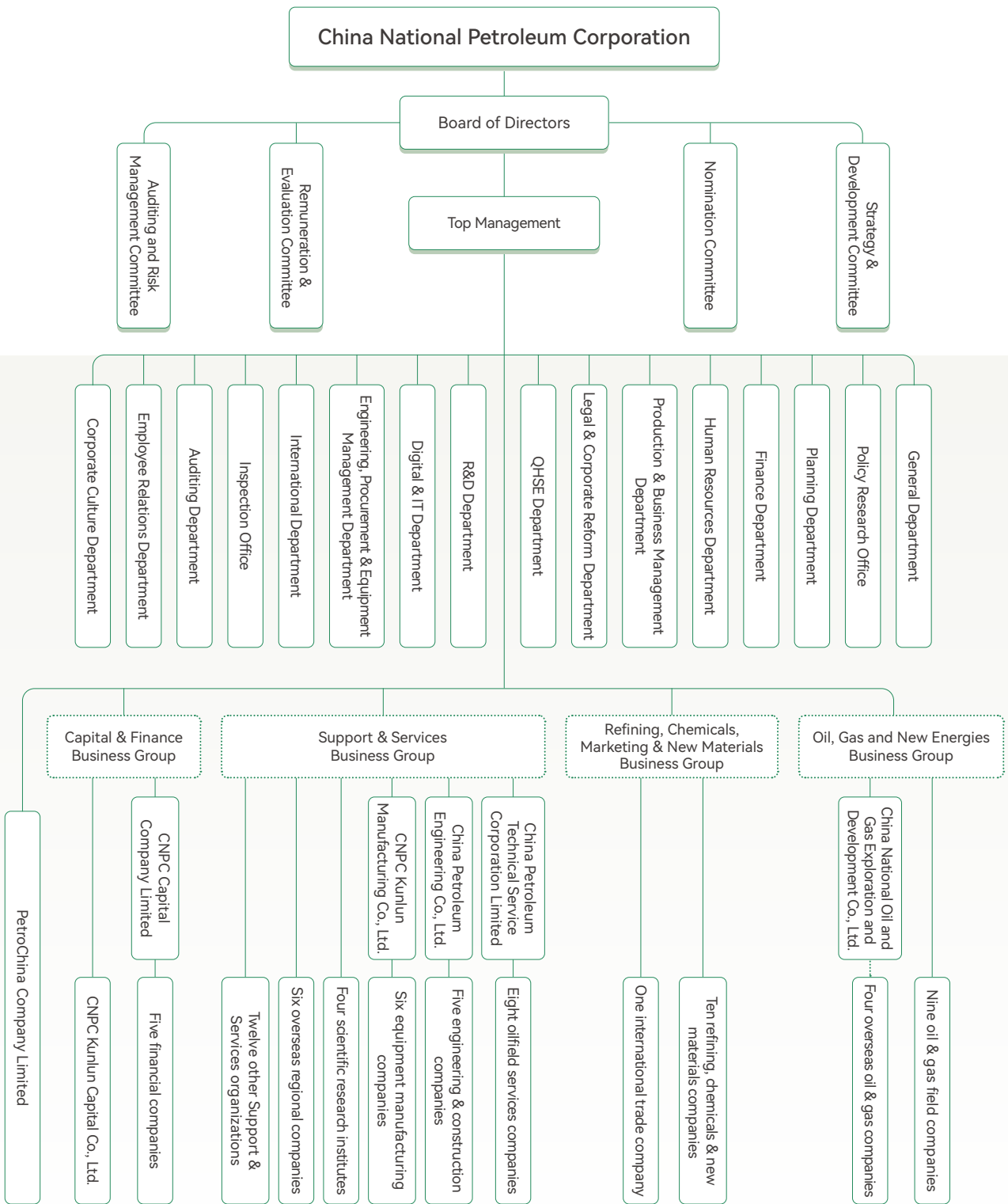
The year 2026 marks the beginning of the 15th Five-Year Plan. We will anchor the strategic goal of "fully achieving high-quality development and basically building a world-class enterprise by 2030", focus on optimizing our layout, adjusting structure, strengthening innovation, deepening reform, and guarding against risks, develop new quality productive forces in light of local conditions, ensure the stable and efficient operation of both oil and gas industrial chains and all business segments, fully accomplish our annual targets and tasks, and strive to make a good start to the 15th Five-Year Plan.

President



Zhou Xinhui

Organization Structure (as of December 31, 2025)



Operation Highlights

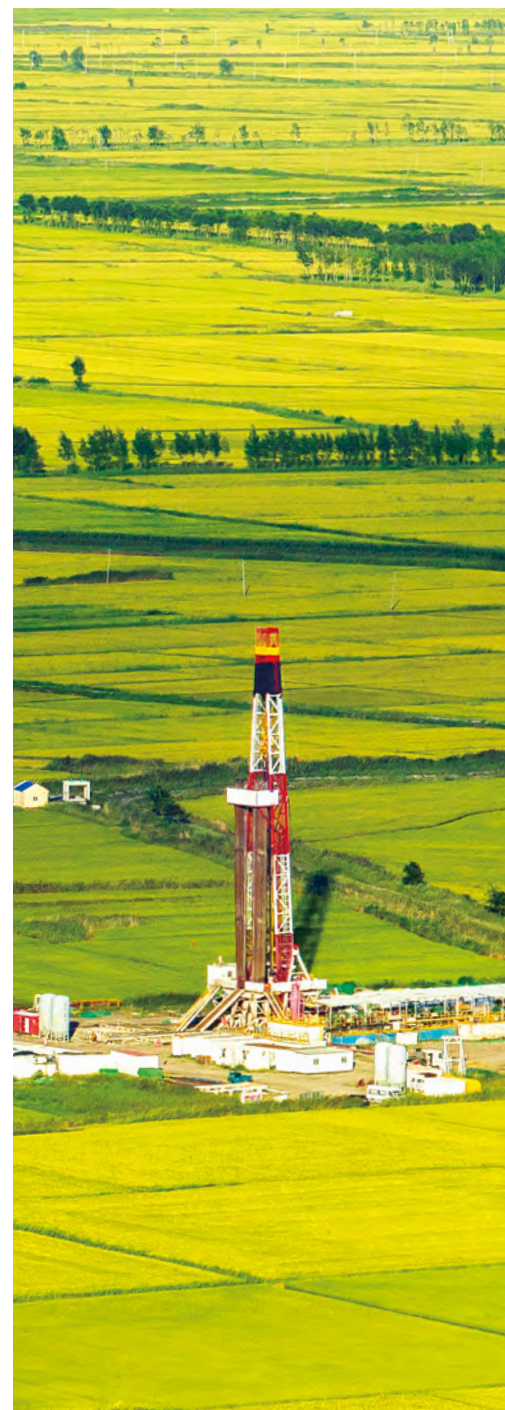
Financial Data	2023	2024	2025
Revenue (billion RMB yuan)	3,160.8	3,136.2	3,052.5
Earnings before taxes (billion RMB yuan)	288.1	301.0	275.0
Net income (billion RMB yuan)	195.2	205.9	193.4
Taxes and fees paid globally (billion RMB yuan)	531.1	505.4	454.0

Oil and Gas Production	2023	2024	2025
Crude oil production (mmt)	184.352	187.224	191.865
Domestic	105.800	106.151	106.563
Overseas (equity)	78.551	81.073	85.302
Natural gas production (bcm)	184.62	190.50	193.84
Domestic	152.90	158.64	165.46
Overseas (equity)	31.72	31.86	28.38

Refining and Chemicals	2023	2024	2025
Crude refining capacity (mmt)	247.893	247.893	244.150
Domestic	224.300	224.300	224.300
Overseas ¹	23.593	23.593	19.850
Crude runs (mmt)	227.015	226.085	222.081
Domestic	190.146	188.217	188.352
Overseas ²	36.869	37.868	33.729
Domestic refined products output (mmt)	123.210	120.607	118.374
Domestic lube oil output (mmt)	2.238	2.406	2.364
Domestic ethylene output (mmt)	8.001	8.652	9.303

Marketing and Sales	2023	2024	2025
Refined products sales (mmt)	186.135	178.875	183.215
Domestic	123.619	119.220	119.039
Overseas	62.516	59.655	64.176
Domestic service stations	22,755	22,441	22,127
Domestic natural gas sales (bcm)	229.91	244.89	259.23

Note: ^[1-2] The overseas crude refining capacity is calculated based on CNPC's equity share, and the overseas crude runs are calculated on a full basis.



Corporate Governance

CNPC is a wholly state-owned enterprise without a shareholders' meeting. The State-owned Assets Supervision and Administration Commission (SASAC) performs its duties as an investor on behalf of the State Council in accordance with relevant laws, administrative regulations, and authorizations. The Company has been implementing the principle of "Two Consistencies" by integrating the Party's leadership over SOEs with corporate governance, and by aligning the leading role of the Leading Party Group with the performance of duties by the Board of Directors and senior management in accordance with the law and the Company's articles of association. A corporate governance mechanism has been established, with clearly defined rights and responsibilities, transparency and accountability, coordinated operations, and effective checks and balances. We have improved and developed the modern enterprise system with Chinese characteristics, advanced the modernization of governance systems and governance capabilities, with a focus on the development of mechanisms and institutions commensurate with a world-class enterprise. While fulfilling its economic, political, and social responsibilities, CNPC has elevated its high-quality development to a new level.

The Leading Party Group

As the leading body established by the Party in CNPC, the Leading Party Group has a legal status in the corporate governance structure, and it plays a leading role in guiding, supervising, and ensuring the implementation of major decisions. In line with the principle of "Two Consistencies", the Leading Party Group implements the Party's leadership in all aspects of corporate governance such as decision-making, execution and supervision. It fulfills the duties of decision-making or providing guidance for major matters of the Company, and decides on major matters such as Party building. It promotes the alignment between the Party's important guidelines and decisions and CNPC's strategic goals, policies, rules & procedures, and reform & development achievements, as well as employee behavior after conducting preliminary reviews of major matters concerning operation and management. It oversees the implementation of the Party's theories, guidelines, policies, and national development strategies.

In 2025, following Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles set forth at the 20th CPC National Congress and the plenary sessions of the 20th CPC National Congress, the Leading Party Group resolutely implemented the decisions of the Party Central Committee and the State Council, upheld the underlying principle of seeking progress while ensuring stability, fully and faithfully applied the new development philosophy on all fronts, assumed primary responsibility for full and rigorous Party self-governance, stepped up efforts to enhance the quality and performance of the Company's core operations, facilitated the development of new quality productive forces according to local conditions and strengthened scientific and technological capabilities of strategic importance. As a major central state-owned enterprise, CNPC made solid headway in deepening reform comprehensively, achieved overall high-quality development, and fulfilled its political, economic and social responsibilities, making important contributions to ensuring national energy security and advancing Chinese modernization.



Board of Directors

The Board of Directors, as the decision-making body, is responsible for setting strategies, making decisions and mitigating risks. In accordance with the *Company Law of the People's Republic of China* and the *Articles of Association of CNPC*, the Board of Directors is entrusted with the power to review major matters of strategic importance; formulate and implement the Company's strategic plans; make major operation and management decisions and supervise the implementation of such decisions by executive management; promote the improvement of the Company's rules and procedures for risk management, internal controls, legal compliance, accountability for non-compliant operations and investments; and identify, analyze, and oversee the prevention and mitigation of major risks.

In 2025, the Board of Directors grounded its efforts in the new development stage to serve the overarching strategic goals of the nation and national energy security in line with the underlying principle of seeking progress while ensuring stability, as it continued to strengthen its functions and duties in a systematic, rational and efficient manner. The Board of Directors comprehensively advanced law-based corporate governance by continuously improving the Company's institutional framework centered on the Articles of Association, and by modernizing its governance system and capabilities. In response to the requirements for green, low-carbon development and energy security, the Board coordinated efforts and advanced towards the goal of becoming a world-class integrated energy and chemical company built to last. Focusing on the Company's core businesses, the Board strengthened strategic leadership and investment management, adhered to disciplined, targeted and cost-effective investment and ensured resource allocation in key sectors and forward-looking industries. The Board reinforced risk prevention and mitigation by improving the oversight system with a focus on key risk categories, providing a robust safeguard for high-quality development. The Board of Directors further bolstered the Company's role in technological innovation, industrial leadership, and energy security with a strong commitment to safeguarding national energy security, building a modern energy system, and contributing to the steady advancement of Chinese modernization and the building of a modern socialist country.

Top Management

As the execution body, the Top Management is responsible for business planning, implementation and management. It oversees the implementation of the Company's strategies; formulates initiatives for improving production and operation; carries out board resolutions and allocates resources efficiently to achieve business plans and targets. The Top Management strengthens internal control, streamlines business processes, and prevents and mitigates risks to ensure compliance and efficiency of the Company's operation management system. The Top Management reports regularly to the Board of Directors on the implementation of the decisions and resolutions made by the Board of Directors to deliver on the Company's strategies.

In 2025, following the underlying principle of seeking progress while ensuring stability, the Top Management implemented the Four Major Initiatives for sales & marketing, trading & supply, turnaround of loss-making enterprises, and QHSE improvement. By developing new quality productive forces tailored to local conditions, the Top Management focused on enhancing core competitiveness and bolstering core functions. The Company's oil and gas industrial chains and business operations ran smoothly and efficiently, as new energies and new materials business grew rapidly. Technological innovation capabilities continued to be built up, new headway was made in deepening reform and strengthening management, and the QHSE performance remained robust. The Company successfully completed its targets and tasks for the year, basically achieving high-quality development across the board.





Key Topic | Forging ahead with the 14th Five-Year Plan



2025 marked the conclusion of the 14th Five-Year Plan. As a key state-owned enterprise faithfully fulfilling its major missions, CNPC has acted as a benchmark and pacemaker over the past five years, forged ahead to successfully navigate a series of daunting challenges. Focusing on energy security, the Company has pushed forward with innovation-led and high-quality transformation, fully demonstrating its sense of mission and corporate responsibility as a national energy company. The Company's comprehensive strength has reached a new level, and its market competitiveness and international influence have been significantly enhanced, making important contributions to safeguarding national energy security and bolstering the steady and sound development of China's economy.

Oil and Gas Production

During the 14th Five-Year Plan period, CNPC has been promoting high-quality energy development and serving as the "pillar" of energy supply guided by a series of new concepts about energy security. The Company has advanced its resource strategy through exploration efforts in identifying large-scale, high-quality reserves, resulting in a number of major breakthroughs and discoveries and setting a series of new records in oil and gas production. Guided by the Seven-Year E&P Action Plan, CNPC has accelerated the development and application of advanced extraction technologies in domestic oil and gas production. Domestic annual crude oil production has remained above 100 million tons, supporting a rebound in China's total crude production to the 200-million-ton level in 2022. While keeping crude production stable, CNPC has been developing both conventional and unconventional gas resources, focusing on major gas fields, including Changqing, Southwest and Tarim, with domestic natural gas production above 100 billion cubic meters. During the past five years, CNPC's overseas operations have witnessed a steady growth. Overseas equity oil and gas production has remained at a level of 100 million tons of oil equivalent and average annual international trade volume above 500 million tons.



	2021	2025
Domestic crude production (mmt)	103.106	106.563
Domestic natural gas production (bcm)	137.79	165.46
Overseas equity production (mmt)	101.389	107.917
Domestic refined products output (mmt)	108.917	118.374
Domestic refined products sales (mmt)	111.256	119.039
Domestic natural gas sales (bcm)	205.55	259.23

Green and Low-Carbon Development

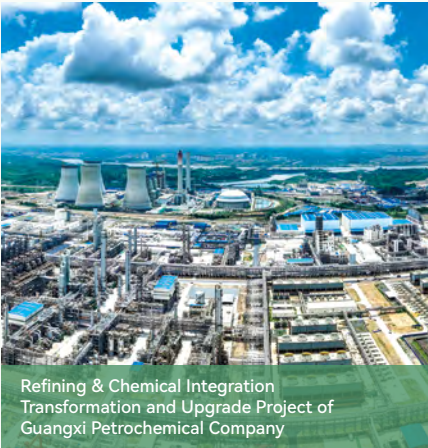
During the 14th Five-Year Plan period, CNPC has integrated "Green and Low-Carbon" into its corporate strategy, establishing a three-step roadmap – Clean Alternative, Strategic Replacement, and Green Development – in support of a new energy production and supply system that is clean, low-carbon, safe and efficient with diverse and complementary energy sources. The Company's ongoing efforts in the development of both conventional and unconventional natural gas have boosted rapid growth in natural gas production. Accounting for about half of the Company's oil and gas production mix for the first time at the end of the 13th Five-Year Plan period, domestic natural gas production took 55.3% of the total production in 2025, further solidifying the role of natural gas as a "mainstay" and optimizing the energy mix. By optimizing and adjusting business segments, CNPC has integrated new energies into its core operations, establishing a strategic foundation for a "low-carbon energy ecosystem" comprising fossil fuels and new energies. A number of landmark demonstration projects have been put into operation, including the 1.3 GW Shangku solar farm (Tarim Oilfield) and the 550 MW Angge wind power project (Jilin Oilfield). The 2.64 GW new energy and coal-power CCUS integration project of Xinjiang Oilfield and the CO₂ pipeline from Jilin Petrochemical to Jilin Oilfield are under construction. CNPC has acquired the Potevio New Energy and entered the pumped storage hydropower sector by taking a stake in State Grid Xinyuan Group. The cumulative installed capacity of grid-connected wind and solar power has exceeded 8 million kW, and the self-built geothermal heating area has totaled 46 million square meters. Clean energy power generation has nearly tripled compared to the beginning of the 14th Five-Year Plan period. New energies and new businesses have achieved leapfrog development from scratch, basically forming an energy portfolio combining oil, gas, thermal, electricity and hydrogen, marking a solid step forward in green and low-carbon transition.



	2021	2025
Wind and solar installed capacity (including visual progress) (MW)	270	17,340
Coverage of geothermal heating and cooling services (including operation and maintenance) (million sqm)	19.34	73.35
High-purity hydrogen capacity (t/a)	1,500	9,600

Transformation and Upgrading of Refining and Chemicals

During the 14th Five-Year Plan period, CNPC has optimized its plant operations and product structures in line with a market-oriented approach. The Company has developed five new materials bases under the New Materials Acceleration Program to facilitate the advancement of its refining and chemicals business towards the higher end of the industrial chain and create an industrial landscape encompassing refining, chemicals, bio-manufacturing, fine chemicals and new materials. A world-class integrated refining and chemical complex at Guangdong Petrochemical has commenced commercial operation and the transformation and upgrading projects at Jilin Petrochemical and Guangxi Petrochemical have been completed and put into operation. Key projects under construction are making headway, including the Tarim Phase II ethylene plant and the Blue Ocean high-end polyolefin project. New materials output has grown by about 50% annually for four consecutive years, significantly enhancing the value of the industrial chain.



Technological Innovation

During the 14th Five-Year Plan period, CNPC has contemplated and aligned its technological innovation schemes with "National Priorities", placing innovation at the very heart of its overall development strategy and emphasizing greater self-reliance and strength in energy technology. The Company has continuously increased investment in R&D, leading to a surge of original and landmark technological achievements. Exploration and development have expanded into traditionally inaccessible zones, such as nano-scale shale systems and ultra-deep layers reaching 10,000 meters. The pioneering gas-phase polyolefin elastomer (POE) process has been successfully put into commercial production; high-performance metallocene-based polyolefin catalysts and other refining technologies have broken foreign monopolies; the 12,000-meter automated ultra-deep drilling rig was selected as one of the Top Ten National Major Equipment of central SOEs; the onshore broad-band, wide-azimuth, and high-density seismic prospecting techniques and equipment have won the first prize of the State Technological Invention Award. In 2023, CNPC made its debut on the 50 Most Innovative Companies list of Boston Consulting Group (BCG).

Recognizing the overarching trends of digitalization and intelligence, the Company has made "Digital and Intelligent CNPC" its fifth strategic initiative. It has coordinated the advancement of three projects, namely IT Enhancement, Digital Empowerment, and Intelligent Development, and implemented the "AI+" special initiative, injecting new momentum and creating a powerful engine for high-quality development.



	2021	2025
Number of R&D personnel	52,408	77,678
Number of national technology innovation platforms	21	31



International Exchange and Cooperation

During the 14th Five-Year Plan period, as a pioneer in "going global" for international energy cooperation, CNPC has upheld the values of "openness, inclusiveness, cooperation, and win-win" to strengthen international cooperation and expand its global network of partners. By combining "bringing in" and "going global", the Company has played a leading role in promoting all-round opening-up across the entire industry chain under the Belt and Road Initiative, achieving a series of major new results in international energy cooperation. Over the past five years, CNPC has expanded international oil and gas cooperation with greater international competitiveness, and stronger capabilities in ensuring energy supply and allocating global resources. CNPC has provided effective support for major national diplomatic events, hosted a range of important international energy gatherings, participated in global energy governance and established a network of closer energy partnerships.



Guests Gather at CNPC International Cooperation Forum

Corporate Social Responsibility

During the 14th Five-Year Plan period, CNPC has adhered to the people-centered philosophy of development in implementing national strategies and shouldering its responsibilities as a central SOE in line with its value of "pursuing green development and providing reliable energy supply to fuel our customers' growth and power people's happy life". The Company has played an active role in promoting the effective transition from consolidating poverty alleviation achievements to rural revitalization, focusing on assistance efforts in industries, livelihoods, consumption, healthcare, and education, contributing CNPC's wisdom and strength to the implementation of rural revitalization strategy. The Company has made every effort to ensure supply during disaster relief for the Beijing-Tianjin-Hebei floods and the Jishishan earthquake in Gansu. The "Go, Baby" healthcare campaign for children and the Xuhang Scholarship Program have been carried out, demonstrating a positive image as a responsible corporate citizen.



CNPC has been providing targeted assistance to 11 counties



Xinjiang Uygur
Autonomous Region

Nilka, Toli, Barkol, Jeminay, Qinggil
and Qapqal counties



Henan
Province

Taiqian and
Fanxian counties



Guizhou
Province

Xishui
County



Jiangxi
Province

Hengfeng
County



Sichuan
Province

Ruoergai
County



2025 Industry Review

In 2025, the global economy maintained steady growth, as structural divergence intensified. The energy consumption mix continued its transition toward cleaner sources, with non-fossil fuels undergoing a shift from policy-driven growth to market-driven growth. Despite a slight contraction in E&P spending, global oil and gas production both ticked up. Refining capacity decreased marginally, while operating conditions showed signs of recovery.

In 2025, China's economy achieved steady progress, with the development of a new energy system and energy security capabilities on the fast track. Oil consumption experienced an ongoing structural adjustment as total consumption rose with fluctuations. Refined product consumption saw a decline in gasoline and diesel, alongside growth in jet fuel and naphtha, while natural gas consumption growth slowed. The Seven-Year E&P Action Plan concluded successfully, with oil and gas production reaching record highs.

2025 Global Oil and Gas Industry



Global energy consumption grew steadily, as the transition to green and low-carbon energy advanced further amidst increasing divergence.

In 2025, estimated global primary energy consumption was 22.09 billion tons of standard coal equivalent (15.45 billion tons of oil equivalent), a 1.7% increase year-on-year, with the growth rate down by 0.6 percentage points compared to the previous year. Global fossil fuel consumption grew by 0.9%, accounting for approximately 79.6% of primary energy consumption, a decrease of 0.6 percentage points versus the previous year. Non-fossil energy consumption grew by roughly 4.6%, reaching a 20.4% share of primary energy consumption, an increase of 0.6 percentage points. Non-fossil sources remained the primary contributor to incremental energy supply growth.



International oil prices fell sharply as a result of multiple factors.

The interplay of macroeconomic pressure, easing supply-demand fundamentals, and ongoing geopolitical conflicts led to wide fluctuations and a downward trend in oil prices. Brent Crude oil futures averaged USD 68.19 per barrel for the year, a year-on-year decrease of 14.62%. Global oil consumption rose by 700,000 barrels per day to 103.6 million barrels per day, while global supply grew by 2.2 million barrels per day to 105 million barrels per day, pushing oil inventories above the five-year average.



The natural gas market fundamentals eased with Eurasian gas prices on a downward trajectory.

In 2025, global natural gas production grew by 2.9% year-on-year, while estimated global consumption stood at 4.18 trillion cubic meters, with the growth rate slowing to 1.4%. Market fundamentals exhibited a pattern characterized by "tight balances in H1 and loosening balances in H2". Eurasian gas prices rose early in the year before falling, resulting in a year-on-year increase in the average annual price. The shift in global LNG trade structure continued, as global LNG liquefaction project start-ups reached an all-time high.



Despite a slight decline in E&P spending, oil and gas production volumes were on the rise.

In 2025, global E&P spending fell by 1.5% compared to the previous year due to declining oil prices. The number of global oil and gas discoveries and newly added recoverable reserves decreased compared to the previous year, although the average discovery size increased. Major discoveries were concentrated in the Middle East and Africa, with a significant number located in deepwater regions. Global oil and gas production both increased. Global crude oil production was approximately 4.61 billion tons, a year-on-year increase of 2.7%; natural gas production was 4.52 trillion cubic meters, a year-on-year increase of 2.9%.



Refining operations saw some improvement as the ethylene sector showed wide divergence.

In 2025, estimated global refining capacity fell to 5.24 billion tons per year, a net decline of 4.85 million tons per year, the first drop since 2022. Global crude runs increased by approximately 700,000 barrels per day to 83.6 million barrels per day, with average refinery utilization rates rising from 78.7% to 79.8%. Global ethylene capacity continued to rise with total capacity estimated at 236 million tons per year, a net increase of 8.54 million tons per year. New capacity was largely concentrated in China and India, as some ethylene plants in Europe, Japan, and South Korea were shuttered due to lack of competitiveness. The average operating rate of ethylene plants remained at around 94%, with ethylene production reaching approximately 213 million tons, a year-on-year increase of 3.6%.



2025 China's Oil and Gas Industry



The institutional reform of the energy industry made new headway, and the development of a unified national energy market advanced further.

2025 marked the first year of the official implementation of the *Energy Law of the People's Republic of China (the "Energy Law")*. Centering on the general principles established by the Energy Law, the energy governance system and its supporting policies were recalibrated to facilitate the implementation of the new strategy for energy security with higher standards and provide policy support for the planning and construction of a new energy system. The framework of a unified national energy market was taking shape. New pricing mechanisms and consumption scenarios for new energies were emerging, while a new dual-control mechanism targeting the amount and intensity of carbon emissions was introduced at an accelerated pace. The preliminary work for formulating the 15th Five-Year Plan for the energy industry was carried out in an orderly manner.



Leveraging robust energy supply and an optimizing energy consumption structure, the construction of a new energy system got on the fast track.

In 2025, China's energy self-sufficiency rate remained at a high level of over 80%. Coal continued to play a crucial role in ensuring energy security as oil and gas reserves and production increased steadily. Renewables became the primary source of incremental energy growth and new power systems were implemented, driving further green and low-carbon development and a shift toward a cleaner energy consumption structure.

National primary energy consumption totaled 6.17 billion tons of coal equivalent, an increase of 3.5% year-on-year. The proportion of coal consumption decreased by 1.8 percentage points from the previous year and the proportion of oil consumption remained basically unchanged; the share of non-fossil energy consumption rose by 2 percentage points. Electricity generation reached 10.6 trillion kilowatt-hours, an increase of 4.8% year-on-year, including 3.99 trillion kilowatt-hours from renewables, an increase of 15%. Renewables accounted for a substantial part of installed power generation capacity, with total capacity exceeding 2.3 billion kilowatts.



Total oil consumption increased with the oil consumption structure characterized by a drop in refined products and a rise in petrochemical feedstock.

In 2025, with the accelerated transformation of vehicle energy structure and the upgrading of integrated refining-petrochemical capacity in China, oil consumption experienced an ongoing structural adjustment as total consumption rose amid fluctuations. Estimated apparent oil consumption for the year was 762 million tons, a year-on-year increase of 1.1%. Refined products consumption continued a downward trend as a whole, with annual consumption falling to 378 million tons, a year-on-year decrease of 2.9%. The "reducing the output of refined products and increasing the output of chemicals" initiative progressed further, resulting in refined products output of 414 million tons, a year-on-year decrease of 2.4%, and petrochemical feedstock output of 184 million tons, a year-on-year increase of 8.8%.



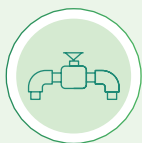
Natural gas consumption growth slowed as natural gas imports declined.

In 2025, as a result of warmer temperatures early in the year and high international spot gas prices, China's annual natural gas consumption stood at 432 billion cubic meters, a year-on-year increase of 3.1%, with the growth rate falling 3.9 percentage points from the previous year. Total import volumes reached 176.4 billion cubic meters, a year-on-year decrease of 2.9%. In particular, LNG imports fell 10.7% to 94.4 billion cubic meters.



Oil and gas production both hit record highs, with deep-layer, deepwater, and unconventional resources ("two deeps and one unconventional") remaining the core engines for reserve and production expansion.

In 2025, the Chinese oil and gas industry continued to focus on large-scale reserve growth and profitable development, maintaining E&P spending at a high level and pushing both reserves and production to all-time highs. Domestic crude output was 216 million tons, and natural gas production (including coal-to-gas) reached 261.9 billion cubic meters. Major progress was achieved in the exploration and development of deep-layer, deep-sea, and unconventional resources. The successful drilling of three 10,000-meter scientific exploration wells marked a critical step in China's exploration of deep-earth energy resources. Major discoveries were made in the Bohai Bay Basin and the eastern waters of the South China Sea. Bottlenecks were successfully overcome in the profitable development of continental shale oil and deep coal-rock gas.



The ongoing optimization and adjustment in the refining industry moved forward as petrochemical capacity continued to expand.

In 2025, domestic refining capacity continued its dynamic optimization with total capacity reaching 939 million tons per year, a net increase of 6.5 million tons year-on-year. New ethylene capacity was 8.15 million tons per year, bringing total capacity to 62.7 million tons per year and boosting the self-sufficiency rate to 78.1%. Propylene capacity additions reached 9.19 million tons per year, bringing total capacity close to 77 million tons per year. Performance across the "three major synthetic materials" diverged: synthetic resin generally fell into low profitability or losses; synthetic fiber profits rebounded but remained loss-making; and synthetic rubber saw a noticeable increase in earnings due to a sharp fall in raw material prices.



Overseas equity production maintained steady growth, marking a step forward towards high-quality development in international cooperation.

In 2025, in line with the underlying principle of "prioritizing stability while pursuing progress", Chinese enterprises followed the strategic planning to take a qualitative leap forward in overseas oil and gas cooperation by deepening cooperation across the entire industry chain, acquiring high-quality assets, and accelerating the integration of new energy sources. Total overseas equity oil and gas output was approximately 196 million tons of oil equivalent in the year, marking a 2.68% year-on-year increase - including about 154 million tons of crude oil and about 52 billion cubic meters of natural gas. Through targeted investment and joint bidding, Chinese enterprises acquired more than 20 high-quality blocks and equity projects across E&P, refining and chemicals, and natural gas processing. The distribution of new projects became more balanced, while traditional core cooperation areas such as Iraq, Kazakhstan, and Algeria were further consolidated. Chinese enterprises continued to strengthen synergies between upstream exploration activities and mid-to-downstream operations, signing and advancing multiple midstream and downstream projects. This resulted in a deeper expansion of the industrial chain and highlighted the benefits of integrated coordination. Chinese enterprises further promoted the "dual-driver" (oil & gas + new energy) approach, signing multiple strategic agreements on low-carbon transition and steering energy cooperation toward a greener and more sustainable future.



Environment and Society



At CNPC, we have been committed to the principles of "people-oriented, quality-utmost, safety-first, and environment-prioritized" to achieve the goal of "zero accident, zero injury, zero pollution and zero defect". We actively focus on people's livelihood and social progress, and strive for harmonious development between energy and the environment, as well as between enterprise and the community.

Safe Operation

We continuously and thoroughly implemented the Three-year Action Plan for the fundamental improvement of production safety, strengthened process management for production safety, and further optimized the dual risk prevention mechanism combining multi-tiered safety risk control and safety hazard investigation and elimination. Throughout the year, CNPC maintained a generally solid track record in production safety.

39

Full-time fire brigades passed national inspection

17

Safety Risk Warning Letters were issued

System construction

The reward mechanism for reporting safety hazards targeting all staff was improved. A strong atmosphere where all staff search for risks and hazards around themselves was created. Criteria for identifying major and relatively major production safety accidents and hazards of the Company were formulated, to guide enterprises to carry out safety hazards investigation and elimination, and improve the investigation and rectification accuracy.

Risk management

Work safety situation analysis meetings were held quarterly to encourage regular risk identification and analysis at all levels. Targeting key units, major projects and important periods, 17 *Safety Risk Warning Letters* were issued. Enterprise-specific risk alerts were given to key units to guide and urge them to thoroughly implement control measures.

Emergency response capabilities

Continuous efforts were made to deepen emergency management. 3 new professional teams were incorporated into the national emergency rescue force system, and 39 full-time fire brigades passed national inspection. Emergency response drills were conducted, targeting hazardous chemical leakage, gas safety, etc. The Company's capability for emergency response continued to improve.

Supply chain safety management

The "pre-phase, in-progress, and post-phase" whole-process supervision of contractors was strengthened, and the production safety performance of contractors was assessed, to improve control over contractors, and reduce supplier/contractor-related accidents.



Environmental Protection

At CNPC, by upholding and practicing the concept that "lucid waters and lush mountains are invaluable assets", we make great efforts to reduce the adverse impact of our production and operations on the environment and climate, and to achieve goals in the battle against pollution.

● Fighting the Battle Against Pollution

The Company's *Enhanced Action Plan for Air Pollution Prevention (2024-2025)* was implemented. The Company pushed ahead with key projects of wastewater discharge reduction. Control over the wastewater discharge process was strengthened, and a monthly tracking and early warning mechanism was adopted, with wastewater discharge fully and consistently compliant with relevant standards. The Company carried out a three-year special action for the compliance management of solid waste, and implemented information-based management of waste generation data. The Company moved forward with the implementation of the *Action Plan for Prevention and Control of Soil and Groundwater Pollution*, strengthening compliance management of key units under soil pollution supervision, and advancing pollution investigation and boundary pollution control at operating enterprises.

● Improvement of the Framework of Standards

The *Measures of the Leading Party Group for Ecological and Environmental Protection Inspection*, the *Measures for the Management of Environmental Incidents*, the *Measures for the Management of Soil and Water Conservation in Construction Projects*, and the *Measures for the Management of Environmental Monitoring, Environmental Statistics and Environmental Information* were formulated or revised to standardize business management with rigorous systems. The enterprise standards for intelligent LDAR management and the environmental protection standards for produced water reinjection were optimized to drive technological improvement with advanced standards. The *Detailed Rules for the Assessment of Environmental Protection Indicators in 2025* were refined to promote the implementation of responsibilities through strict assessment.

● Management of Key Pollutants

Chemical oxygen demand, ammonia nitrogen, nitrogen oxides, and volatile organic compounds from refining and petrochemical operations released into the air were reduced by 11.4%, 30.2%, 13.7% and 4.0% respectively year-on-year.

● Sustainable Use of Resources

Great importance was attached to the protection and rational utilization of resources to minimize resource consumption. We reduced energy consumption by 0.75 million tons of coal equivalent, and water consumption by 8.04 million cubic meters throughout the year.

● Strengthened Investigation and Rectification of Ecological and Environmental Risks and Hazards

The *Standards for Classified Assessment of Enterprises with Environmental Risks* were issued, and tiered management and control of environmental risk was implemented. A multi-tiered management system for ecological and environmental hazards was put in place, and special investigation and rectification of environmental hazards were carried out for enterprises in key river basins such as the Yangtze River and the Yellow River. The *Special Response Plan for Environmental Emergencies* was revised to improve its pertinence and operability. Environmental emergency monitoring and drills were organized and implemented.

● Ecological and Environmental Protection in Key River Basins

Key projects under the *High-Level Ecological and Environmental Protection Plan for Enterprises in the Yangtze River Basin and Yellow River Basins (2024-2027)* were advanced. The *Requirements for the Management of River and Sea Outfalls* were issued, and a three-tiered supervision system for sewage discharge outlets were realized. The requirements for eco-environmental zoning management were implemented, and a list of sewage discharge outlets of enterprises in key river basins and regions such as the Yangtze River Economic Belt, the Yellow River Basin, the Songliao River Basin and the Beijing-Tianjin-Hebei region was developed. Industrial wastewater discharge outlets in key river basins achieved consistent and stable compliance with discharge standards.

● Conservation of Biodiversity

The Company fully integrated biodiversity conservation into its operations, carried out the Oil-Nature Care initiative, and issued *CNPC Guidance on Other Effective Area-Based Conservation Measures (OECMs) for Biodiversity Conservation*. 12 OECMs including the Huoshaoshan Wetland in Xinjiang Oilfield were established, 9 conservation station cabins and a comprehensive biodiversity monitoring system were built, and 11 volunteer teams were set up. As a result, a "Four-in-One" CNPC model for biodiversity conservation was formed, comprising protected area construction, ecological monitoring, conservation station cabins and volunteer teams, and the Company was invited to report its practice as a typical case at the World Conservation Congress.



CNPC Unveils the Third Batch of OECMs

On August 15, 2025, CNPC unveiled the third batch of two OECMs at Dagang Oilfield and Xinjiang Oilfield. Meanwhile, the second batch of four conservation station cabins and three volunteer teams were established, and the comprehensive biodiversity monitoring system (Phase-II) was officially launched. This marked that CNPC's "Four-in-One" biodiversity conservation model has entered a stage of systematic, large-scale and normalized development.

Climate Change

Actions were taken in line with the *Paris Agreement* and the Chinese government's goals on carbon peaking and carbon neutrality. "Green and low-carbon development" was incorporated into the Company's five major development strategies, and the *Action Plan for Green and Low-Carbon Development* was formulated. "Three Initiatives" and "Ten Projects" centering around being a leader in green enterprise construction, a contributor to clean energy, and a pioneer in the circular carbon economy were deployed and advanced. The "dual control" mechanism for carbon emissions was established and improved, and participation in carbon trading activities was regulated. The Company was recognized as a "Low-Carbon Case" (formerly known as "Low-Carbon Model") by *China Newsweek* for the 14th consecutive year.

Carbon Emission Management

The Company continuously strengthened control over carbon emission, established a verification and accounting center, and built a centralized carbon asset management platform. The monitoring, reporting and verification (MRV) system for GHG emissions was further improved. In 2025, the Company's domestic and overseas GHG emissions totaled 178 million tons of carbon dioxide equivalent.

- Issued the *Opinions on Improving Carbon Emissions Data Quality and Accelerating the Development of a Dual Control System for Carbon Emissions*, and formulated the *Measures for Carbon Emissions Assessment and Management*, to strengthen control over carbon emissions.
- Formulated and issued the *Implementation Plan for the Construction of a Product Carbon Footprint Management System*, to enhance the management of product carbon footprints.
- Advanced the implementation of the *Action Plan for Enhancing Methane Emissions Control*, and formulated the *Detailed Rules for Methane Emissions Control and Management*, to continuously promote technological innovation in methane emissions reduction.
- Deepened cooperation and exchanges on climate change response, and undertook two COP30 "China Pavilion" side events respectively themed "Green and Low-Carbon Transformation of Central SOEs" and "Control of Non-CO₂ Greenhouse Gas Emissions".

The Company supported and participated in a number of programs, initiatives and organizations for GHG emissions reduction.

- *Paris Agreement*
- *United Nations Framework Convention on Climate Change*
- *China's National Climate Change Program*
- *Action Plan for Carbon Dioxide Peaking Before 2030*
- Carbon Technology Strategic Alliance for Carbon Capture, Utilization and Storage (CTSA-CCUS)
- Oil & Gas Climate Initiative (OGCI)
- *Oil and Gas Decarbonization Charter (OGDC)*
- China Oil and Gas Methane Alliance
- *Carbon Peak and Carbon Neutrality Pledge of China Petroleum and Chemical Industry*
- *Aiming for Zero Methane Emissions Initiative*
- Energy and Chemical Industry Chain Carbon Footprint Alliance



Cooperation on Climate Response

CNPC undertook two COP30 "China Pavilion" side events respectively themed "Green and Low-Carbon Transformation of Central Enterprises" and "Control of Non-CO₂ Greenhouse Gas Emissions". As the chair of China Oil and Gas Methane Alliance, we released the *2025 Annual Report of China Oil and Gas Methane Alliance* at a COP30 "China Pavilion" side event, demonstrating our achievements and sense of responsibility as a member of the alliance. We further deepened exchanges and cooperation with OGCI and OGDC, and participated in the research and preparation of reports including the *Annual Report on CCS Development of Asia-Pacific*. We drove the integration of China's technological solutions and practical experiences in low-carbon transition into the global oil and gas industry's low-carbon transition process, contributing to international climate governance and energy transition.

Building of Green Enterprises

By issuing guiding opinions and action plans, formulating an evaluation system, and establishing a scientific and standardized building mechanism, we took a coordinated and integrated approach in building green enterprises, green mines, green factories and green grassroots units. A total of 80 enterprises passed the green enterprise certification, 126 mining rights were rated as national-level green mines, and 16 factories were certified as national-level green factories.

Participation in the National Carbon Emissions Trading Market

The Company actively utilized the carbon market mechanism to promote carbon emissions control and reduction, and conducted carbon trading in a standardized manner. All units included in the carbon market fully completed their annual carbon allowance compliance on schedule. The Company actively participated in the construction of the voluntary carbon market. The two CCER methodologies led by the Company, namely "Recovery of Low-Volume Associated Gas from Onshore Oilfields" and the "Recovery of Flared Test Gas from Onshore Gas Well Testing", were issued and implemented by the Ministry of Ecology and Environment, providing a carbon market incentive mechanism for the oil and gas industry to further advance the control and reduction of non-CO₂ greenhouse gas emissions.

2.617
million trees

In 2025, the Company's participation in voluntary tree planting reached 867,000 person-times, planting 2.617 million trees.

36,900
hectares

As of the end of 2025, the existing green space had amounted to 36,900 hectares.

Forestry Carbon Sink

At CNPC, we actively engage in building carbon sink forests and NbS (Nature-based Solutions) forests to promote carbon neutrality through carbon compensation. We built 23,000 mu of carbon sink forests and NbS forests, including the Jiyuan carbon sink forest in Changqing Oilfield, the Ma'anshan NbS forest in Daqing Oilfield, and the Junggar NbS forest in Xinjiang Oilfield. In 2025, the Company's participation in voluntary tree planting reached 867,000 person-times, planting 2.617 million trees. As of the end of 2025, the existing green space had amounted to 36,900 hectares. A total of 1.938 million people participated in the "Plant a Tree for Carbon Neutrality" program with RMB 57.55 million of funds raised, and carbon sink forests in Daqing and Nanliang with a total area of 5,000 mu were completed. We continuously carried out the "Afforestation Campaign for 10,000 Well Sites", planting 2.27 million trees at over 10,000 well sites and stations.



Social Responsibility

At CNPC, we maintain a strong commitment to aligning our business growth with the sustainable development of the localities where we operate, with a focus on bolstering people's livelihood and social progress, supporting community agenda in various forms, and promoting harmonious socioeconomic development of local communities.

Rural Revitalization

At CNPC, in response to the United Nations' *2030 Agenda for Sustainable Development* and the Chinese government's guidance on promoting rural revitalization, we leverage our resources and increase investment to enhance industries, talent, culture and ecology. We introduce new assistance models and support demonstration projects to bolster our poverty alleviation efforts in alignment with the goals of rural revitalization. In 2025, the Company earmarked RMB 642 million for rural revitalization and public welfare and implemented 1,100 assistance projects.



Staff of the working team stationed in Topicha Village, Yikesu Township, Zepu County, Kashgar Prefecture, Xinjiang Oilfield help villagers dry chili peppers for pigment extraction

- We launched the "Xingnong" lecture series, and implemented programs such as the "Teacher Training Program", "Cloud-Based Departments" and maternal and infant care projects, fostering a talent ecosystem for rural revitalization.
- We supported the development of projects including the Black Bee Resort Farm in Nilka, Xinjiang, the integrated agriculture, culture and tourism project in Fanxian County, Henan, and the "Xipo" Homestay in Hengfeng, Jiangxi, boosting local economic development through distinctive industries.
- In 2025, we purchased and helped sell RMB 2.04 billion worth of products through assistance programs, expanding sales channels for specialty agricultural and sideline products.
- We invited experts from top-tier Grade-A hospitals in Beijing to engage in "remote medical consultations" and "medical services to the countryside" initiatives.
- The "Go, Baby" healthcare campaign for children provided a total of 7,540 payouts to children from disadvantaged families.

Education

At CNPC, we continue to support education through various student aid programs, including scholarships and grants. We explore new ways to raise awareness on education equality and help students from poverty-stricken areas get access to education and realize their dreams and values.

Promoting Local Development

At CNPC, we adhere to the principle of opening-up and cooperation for mutual benefit and keep expanding our joint-venture cooperation with local partners across the upstream, midstream and downstream sectors. During the process of developing and running our projects, we help foster local suppliers and contractors, thereby creating jobs and driving business growth in related sectors to achieve the city-based and industry-driven "city-industry integration".



2025

CNPC Scholarships provided RMB **4.47** million to **685** outstanding students.

The Xuhang Scholarship Program provided RMB **13.2** million to **4,001** students.

The "Teacher Training Program" trained **21,000** education professionals in 2025.

Contributing to Local Communities in Overseas Operations

In its overseas operations, CNPC actively fulfills its responsibilities as a corporate citizen and is committed to shared growth with host countries. At CNPC, we respect local cultures and customs where we operate, and are committed to building long-term and stable cooperative relationships with the host countries. We integrate our development into local socioeconomic growth and actively create socioeconomic value to promote local development and prosperity.

Managing Community Impact

At CNPC, we continue to exert a positive influence on community development through responsible operations. This is not only reflected in creating jobs, paying taxes, and providing business opportunities for local suppliers, but also in protecting the local natural environment, safeguarding human rights of local residents and supporting public welfare.



CNPC Chad Branch Sponsors Young Chadians to Study in China

On October 9, 2025, CNPC Chad Branch held a send-off ceremony for 10 young Chadians who were going to study in China. These students were outstanding high school graduates selected under the branch's "Chadian Youth Study Abroad Scholarship Program" and would go to the China University of Petroleum (Beijing) to systematically study knowledge about energy and related engineering.

As a major move for CNPC to fulfill its social responsibility and deepen localized development in Africa, the "Chadian Youth Study Abroad Scholarship Program" has been steadily advanced for years in a row since its launch in 2012. The program has not only trained a number of local talents with professional competence and global vision for Chad, but also functioned as a bridge for China-Chad energy cooperation and cultural exchanges, which is a vivid example of friendly cooperation between the two sides.

Enhancing Communication with Local Communities

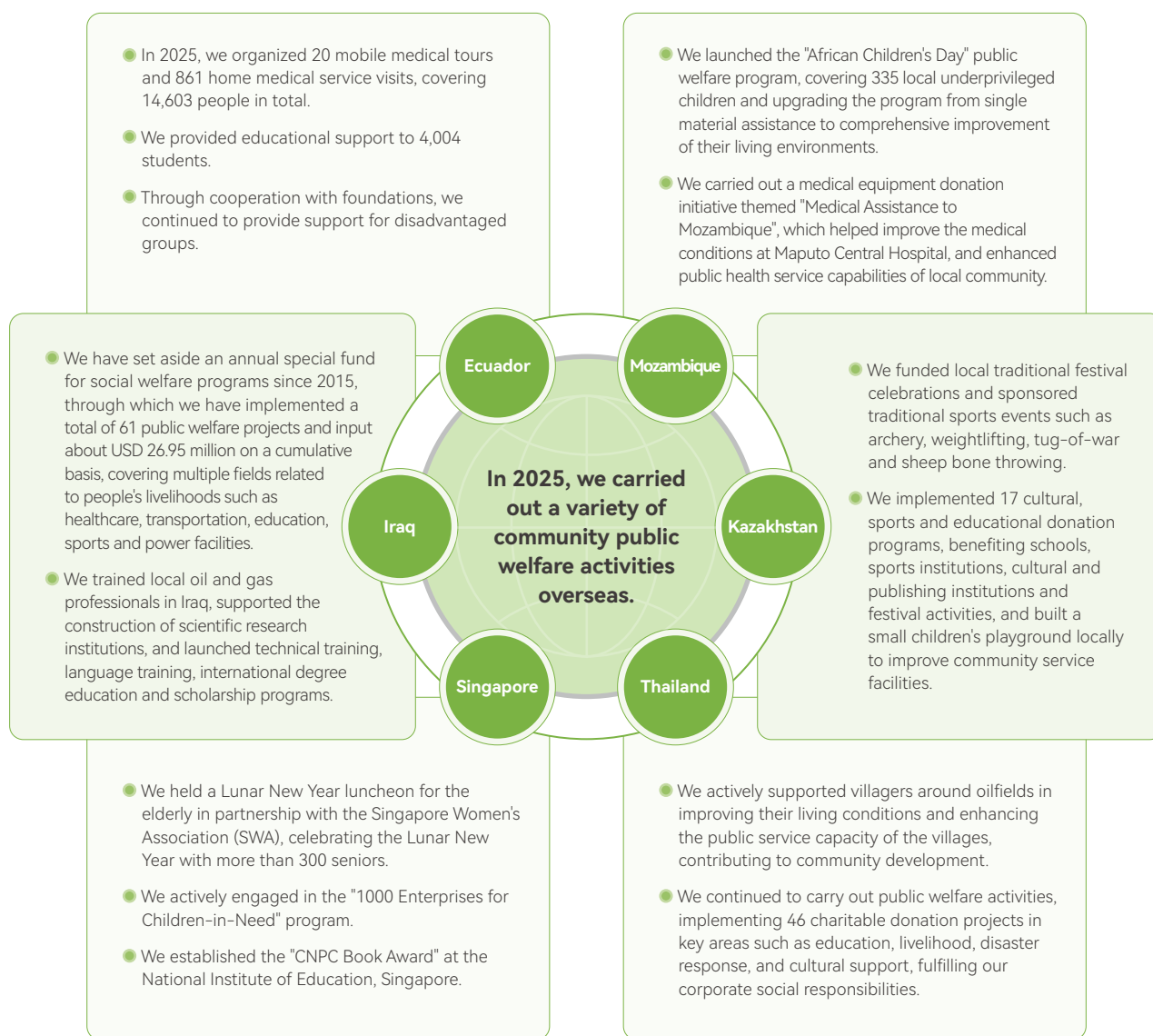
At CNPC, we set up overseas liaison points for environmental protection and community relations to continuously strengthen communication and coordination with local governments, NGOs and community representatives in a variety of forms.



Group photo of primary school students from Rum Village, West Tanjung Regency, Jambi Province and employees from Indonesia Company which funded the school

Participating in Community Welfare Activities

At CNPC, we actively engage in community public welfare initiatives and give support to education, healthcare, environmental protection to help local people improve their living conditions and facilitate sustainable development of local communities.



Promoting Localization

At CNPC, we embrace the localization strategy, integrating support for local economic development into every aspect of our daily operations. In procurement of goods and services, we prioritize local products and actively create opportunities for local contractors, suppliers and service providers to participate in project services. Through concrete actions, we support the growth of local SMEs and community entrepreneurs, and create local employment opportunities. We have not only injected economic vitality into local communities, but also helped enhance the self-development capacity of local industries, ensuring that the development outcomes truly benefit the local people.



Human Resources



At CNPC, upholding the people-first philosophy, we attach great importance to protect employees' legal rights and interests, provide a strong platform for their career development, deepen the reform of talent development system, work hard to build a competent workforce and maximize the value of our talent pool. We pay close attention to the physical and mental well-being of our people, care about their lives, and strive to share the fruits of the Company's development with all employees, ensuring that they and the Company grow together.

Employees' Rights and Interests

At CNPC, we strictly comply with international conventions on labor and human rights, respect and safeguard employees' legal rights and interests, and adhere to employment policies focused on equality and non-discrimination. The Company continues to enhance our compensation and benefits system, and strengthen workplace democracy, so as to create a fair and harmonious working environment for employees.

Employment Policies

At CNPC, we always value and safeguard the lawful rights and interests of our employees in line with the people-first principle. We strictly comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Trade Union Law of the People's Republic of China*, as well as relevant international conventions approved by the Chinese Government and the laws and regulations of our host countries. We adhere to the employment policies of equality and non-discrimination and provide equal opportunities and fair treatment for all employees regardless of nationality, race, gender, religion or cultural background. We resolutely prohibit child labor and forced labor. We strive to create jobs in minority regions and impoverished areas. We uphold the rights and interests of women and ensure that female employees have equal remuneration, benefits, and career development opportunities. We strictly comply with the *Social Insurance Law of the People's Republic of China*. As a result, 100% of our employees are covered by labor contracts, and 100% are covered by social insurance.

Remuneration and Incentives

At CNPC, our compensation and distribution system is closely aligned with our core business operations, including business development, reform and innovation, quality and efficiency improvement, and talent-driven corporate growth. With a focus on boosting dynamism and enhancing efficiency, we are deepening market-oriented salary reform. We continue to build a more targeted, flexible, and efficient salary distribution mechanism. We are refining the mechanism for determining the total wage bill based on the Company's economic performance and labor productivity. We are also strengthening policies to support incentives for technological innovation, the recruitment of high-level talent, and medium- to long-term incentive programs. We are making differentiated adjustments to our compensation structure, with a continued focus on increasing support for front-line workers, challenging and demanding positions, and technical professionals.

Employee Engagement

At CNPC, we fully respect the democratic and legitimate rights and interests of employees, value their role in democratic management, participation and supervision. We have widely established and continuously improved both the labor union system and the democratic management and corporate disclosure systems, with the workers' congress as their fundamental form. These systems ensure employees' rights to know, participate, express their views, and supervise. By clearly defining the functions, powers, organizational structure, and operating procedures of the workers' congress, we further standardize the content, process and format of corporate information disclosure.

At CNPC, we have established various channels to communicate with our employees. By adhering to democratic procedures, we encourage employees to participate in the Company's production and operational management through multi-level communication and interactions, such as employee representative meetings and online platforms.

100%

of our employees are covered by labor contracts

100%

are covered by social insurance



Career Development Platform

At CNPC, we recognize the evolving needs of our employees at different career stages, place a strong emphasis on career planning, and continuously innovate the environment and mechanisms for talent development. We are committed to building a robust resource system to support talent growth, providing a broad platform for our employees to achieve their full potential.

Education and Training

At CNPC, we apply modern corporate training concepts and focus on building a professional, interdisciplinary, digitally skilled, and international talent team. We have established a zero-based generation mechanism for annual training plans, allocating more training resources to priority areas such as reserve increase, production enhancement, and business transformation; to emerging industries such as new energy and new materials; to critical roles such as key leaders and core R&D personnel; and to professionals involved in marketing initiatives, safety and environmental protection projects and core IT infrastructure enhancement projects. In 2025, the Company invested RMB 2.91 billion in employee training, delivering 371 group-level and 99,900 enterprise-level training programs across different categories and tiers, achieving improvements in both the scale and effectiveness of our training efforts.

Over **4.887** million employee training participations

The total training time was **62.56** million hours

Employees received **70** hours of training on average

100% training coverage for front-line employees

100% training coverage for employees in high-skilled positions and key operating positions



Career Development

At CNPC, we place a strong emphasis on employee career planning, and strive to create pathways for them to achieve self-fulfillment and realize their professional potential. In 2025, with a focus on incentivizing talent value creation, we deepened the reform of our talent evaluation mechanism, stepped up efforts to attract and develop high-caliber scientific and technological innovation talent, strengthened the development of our young science and technology talent pool, and provided employees with clear and stable career development pathways.

At CNPC, we adhere to the principle of "promoting training through competition and integrating competition with training". Through vocational skills competitions, we help our front-line employees enhance their professional competencies and skills, while also supporting their career growth. In 2025, we intensified efforts to train and incentivize talent in key areas, organized the Company's first AI Innovation and Application Competition, and accelerated the development of a pool of interdisciplinary talent capable to meet the needs of fostering new quality productive forces. We promoted the "all-employee participation" and "on-the-job competition" models, held 96 technical and skills competitions throughout the year, and saw 169 employees win awards in national-level competitions.

Talent-Driven Corporate Development

The Company has strengthened the top-level design and established long-term mechanisms to further advance its Talent-Driven Corporate Development Program, resulting in a continuously expanding talent pool.



Three CNPC Employees Honored as Craftsmen of the Nation

On September 23, 2025, the 3rd Innovation Exchange Conference for Craftsmen of the Nation & the National Great Craftsmen Forum was held in Chongqing. A total of 200 individuals nationwide were honored as Craftsmen of the Nation. Three CNPC employees were among those selected: Liu Kefu, Digital Operation and Maintenance Technician and Chief Technician of the No.3 Oil Production Plant of Daqing Oilfield; Yang Yixing, Downhole Operation Expert and Chief Technician of the Oil and Gas Technology Research Institute of Changqing Oilfield; and Liu Hui, Studio Leader, Skill Expert and Chief Technician of PetroChina Southwest Oil & Gasfield Company, Chongqing Gas Mine.

The Craftsmen of the Nation are a group of highly skilled talents cultivated and selected by the All-China Federation of Trade Unions, recognized for their outstanding performance in leadership, achievement, innovation, dedication, and mentorship. The recognition covers major industries and key sectors of the nation. The three CNPC awardees honored as Craftsmen of the Nation are all skilled leaders who have worked on the front lines of production for decades and achieved outstanding results in their respective fields.

With a focus on cultivating highly skilled "Craftsmen of the Nation", we thoroughly implemented the "CNPC Masters" development program, and accelerated the training of dual-qualified talents who serve as both engineers and technicians. In 2025, three employees were honored as "Craftsmen of the Nation" and five as "Craftsmen of Central Enterprises", while the number of trainees under the "CNPC Masters" program grew to 172.

As of the end of 2025, the Company had a total of 216 high-level experts and 309 skilled masters and skilled experts. CNPC has established 128 corporate skilled expert workshops, including 38 national skilled master workshops.



Technicians conducting polymer optimization and evaluation

Localization and Diversity

91.2%

In 2025, the localization rate of employees in the Company's overseas invested projects reached 91.2%.

At CNPC, we advocate a culture of respect, openness and inclusiveness, and adhere to the principles of "localized, professional, and market-oriented" talent management for our overseas operations. We comply with the laws and regulations of host countries and have established sound systems for employee recruitment, deployment, performance assessment, and rewards and penalties. We also promote innovation and best practices in overseas employment management, striving to attract and develop local talent by providing them with platforms for career growth.

Promoting local employment

At CNPC, we actively recruit and train local people, promote local talent to management positions without prejudice, and create job opportunities in the communities where we operate. Our overseas operations employ professionals across a range of disciplines, including in exploration and development, refining and chemicals, pipeline operation, international trade, finance, accounting, human resources management, and more. In 2025, the localization rate of employees in the Company's overseas invested projects reached 91.2%.



China and Iraq Jointly Promote Training of Skilled Talents for Iraq's Petroleum Industry

On December 16, 2025, the signing ceremony for the cooperation agreement on the training and development of skilled talents for Iraq's petroleum industry and the opening ceremony for the first training session were held at the Basra Petroleum Training Institute in Basra, Iraq. This initiative marked the first cooperation on petroleum vocational education between China and Iraq. The cooperation is led by China Petroleum Engineering & Construction Corporation (CPECC), in partnership with Hebei Petroleum University of Technology and the Basra Petroleum Training Institute. The project aims to cultivate highly skilled talents for Iraq's petroleum industry through systematic and standardized skills training, support local youth employment, and promote the deep integration of technology, education, and culture.

Under this project, CPECC will annually support 100 young Iraqis in receiving training across more than 10 professional trades, including carpentry, electrical engineering, and welding, with outstanding trainees given priority for placement in key positions. Each year, CPECC will select 3-4 outstanding instructors from the Basra Petroleum Training Institute for exchange programs in China, as well as more than five outstanding trainees for advanced study in China. Through these exchange and training initiatives, CPECC aims to share professional expertise, co-develop skilled talent, and co-create value with its Iraqi partners, contributing CNPC's strength to the development of Iraq's petroleum industry.

Respecting Cultural Diversity

At CNPC, we fully respect the diverse personalities, abilities, and backgrounds of our employees and value their varied talents. We stand firmly against all forms of employment and occupational discrimination, foster a supportive and inclusive working environment, and promote mutual respect and understanding among employees from different ethnic groups, regions, and cultural backgrounds.

Employee Health

At CNPC, we place a strong emphasis on the physical and mental health of our employees. We continue to improve working conditions and have introduced a series of policies and measures to provide a work environment that promotes physical and mental well-being, ensuring that our employees maintain good health and a positive attitude.

Occupational Health

We prioritize the protection of our employees' occupational health, thoroughly implement the "Weight Management Year" campaign, and continue to advance the development of a healthy enterprise. In 2025, 100% of our employees received occupational health examinations; the occupational hazard detection rate at workplaces reached 100%; and occupational health records were established for 100% of our employees.

100%

100% of our employees received occupational health examinations

100%

The occupational hazard detection rate at workplaces reached 100%

100%

The occupational health records were established for 100% of our employees

Mental Health

At CNPC, we continuously improve our employee recuperation and vacation systems and offer the Employee Assistance Program (EAP). We have established psychological counseling hotlines and websites, and provide various forms of mental health awareness training to help our employees develop positive and healthy attitudes.





Technology and Innovation



Focusing on self-reliance in state-of-the-art technologies and taking innovation as the key driving force for development, we improve the technological innovation framework, accelerate the commercialization of scientific and technological achievements, develop new quality productive forces, and promote high-quality development.

Technological Innovation System

We comprehensively deepened the reform of our technological innovation governance framework and continuously improved the three-tier innovation management system comprising headquarters, specialized companies and subsidiaries. We have strengthened the direct responsibility of business departments and specialized companies for the management of R&D projects, with a focus on enhancing the coordination of such projects across all levels. By advancing the development of national strategic scientific and technological capabilities in the energy and chemical sectors through a five-pronged approach, we have significantly improved the overall efficiency and effectiveness of our innovation system, earning recognition as an "Outstanding Enterprise for Scientific and Technological Innovation" among China's central enterprises. We have established the MatriX Innovation GmbH to actively deploy a global innovation network. The National Technology Innovation Center for Geophysical Exploration was inaugurated to pool industry-wide strengths and create a collaborative innovation platform. Additionally, the National Intellectual Property Operation Center for the Oil & Gas, New Energy, and Petrochemical & New Materials Industries has been approved for construction with the aim of promoting the efficient commercialization and synergistic application of intellectual property.

As of the end of 2025, the Company had 31 national technological innovation platforms and more than 77,700 R&D personnel.



CNPC Unveils MatriX Innovation GmbH

On July 11, 2025, the unveiling ceremony for the MatriX Innovation GmbH was held via video link in Beijing, China, and Munich, Germany. Dai Houliang, Chairman of CNPC, attended the ceremony and noted that the establishment of the MatriX Innovation GmbH is of great significance for enhancing the Company's innovation capabilities in cutting-edge materials, synthetic biology, and other fields, supporting the development of new quality productive forces, and building a national strategic technological force and innovation hub for the energy and chemical industry. He emphasized that the research institute must forge ahead with vision and resolve, advance with high standards and efficiency, and continuously explore new fields and achieve new accomplishments, so as to make new and greater contributions to building CNPC into a strategic technological force in China's energy and chemical industry and a world-class comprehensive energy and chemical company with lasting prosperity, and to promoting scientific and technological cooperation between China and Germany as well as between China and Europe.

31

National technological innovation platforms

77,700

more than

R&D personnel



Researchers carrying out scientific research at Qinghai Oilfield

Major R&D Breakthroughs

At CNPC, we actively implement an innovation-driven development strategy, focusing on major and key bottlenecks in critical areas. We strengthen research to overcome core technical challenges, as well as forward-looking, basic and strategic research, and accelerate the transformation of new technologies into productive forces, achieving fruitful results in oil and gas exploration and development, refining and chemical transformation and upgrading, support for emerging industries, guidance for future-oriented industries, and the Digital and Intelligent CNPC initiative.

Top 10 Technological Breakthroughs of the Company in 2025

Constant-Diameter Expandable Tubing Technology Breaks Through Ultra-Deep Well Casing Structure Bottlenecks

Targeting challenges such as severe mud loss during drilling and insufficient casing strings in ultra-deep wells, CNPC overcame key technical challenges, including materials for high-expansion-ratio, high-strength expandable tubes, and developed constant-diameter expandable tubing drilling technology with 100% local manufacturing. This technology has become a core solution for addressing complexities in ultra-deep well drilling and expanding well structure capabilities. Successfully applied in offshore oilfields in the Middle East, it has set world records for the longest single operating section (190m) and largest pipe diameter (400mm).

R&D and First Industrial Application of Carboxylated Nitrile Butadiene Rubber (XNBR), a Key Material for Flexible Electronics

XNBR is a high-end grade of nitrile rubber and serves as a key matrix material for adhesives used in the electronic information sector. In the past, it relied entirely on import. CNPC independently developed technologies for efficient carboxylation copolymerization and ultra-low ion content control, achieving industrial application of XNBR and filling a domestic capability gap. The product has been adopted by leading domestic electronics enterprises.

EV80 Ultra-Large Tonnage, High-Precision Broadband Vibroseis Supports Ultra-Deep Oil & Gas Exploration

To tackle challenges in China's ultra-deep oil & gas exploration, such as weak signals, low signal-to-noise ratio, and imaging difficulty, CNPC independently developed the EV80 ultra-large tonnage (80,000 lb), high-precision broadband vibroseis, the first of its kind in China. Capable of detecting effective seismic reflection signals at a depth of 12,000m, the device has achieved the world's first sweep with 7 octaves and a 1 Hz low-frequency start, providing critical equipment for China's ultra-deep oil & gas exploration.

R&D and First Industrial Application of Highly Active Metallocene Polypropylene Catalysts

Metallocene polypropylene catalysts have long been dominated by foreign companies, restricting the development of China's high-end polypropylene industry. To achieve independent control of key technologies, CNPC took the lead in addressing choke points including catalyst structure design and carrier surface modification, realizing the first industrial application of self-developed metallocene polypropylene catalysts on a continuous unit.

Successful Development of 175MPa Ultra-High Pressure Wellhead Equipment Series

CNPC overcame technical challenges in material selection, design, manufacturing, and evaluation of ultra-high-pressure wellhead equipment, and independently developed the 175MPa ultra-high pressure wellhead equipment series, including six core items: the 175MPa gas production wellhead, blowout preventer stack and hydraulic control system, choke and kill manifold, casing head, electric choke, and sour-resistant surface testing equipment. The equipment performance has reached the international advanced level, with core technologies achieving independent control.

Large-Scale Application of China's First Full-Process Dynamic Simulation Engine Software Integrating Reservoir-Wellbore-Pipeline Network Systems

CNPC launched China's first full-process dynamic simulation engine software integrating reservoir-wellbore-pipeline systems, breaking through key bottlenecks such as 100-million-grid-scale reservoir simulation solving. With over 90% of the code self-developed, the software, when benchmarked against similar foreign software, has an average relative calculation error of less than 5%, providing key support for subsurface-to-surface full-lifecycle simulation in oil and gas development.





Naphthalene Ring Aromatic Monomer Technology Supports Independent Control of High-End Polyester Raw Materials

CNPC conducted research on high-value utilization of heavy aromatics, developing a complete set of technologies for producing naphthalene ring aromatics from catalytic diesel. The Company integrated processes such as deep processing of raw materials, polycyclic aromatic alkylation, isomerization reactions, and product purification, achieving fully independent development of key catalytic materials, and completing a 100-ton scale pilot verification. This has solved the critical bottleneck facing raw materials for high-performance polyester, providing a solution for the utilization of low-quality petrochemical feedstock.

Large-Scale Application of Double-End Functionalized Solution Styrene-Butadiene Rubber to High-End Green Tires

To address the situation where functionalized solution-polymerized styrene-butadiene rubber was 100% imported, leaving the production of high-performance green tires without domestically homegrown critical materials, CNPC pioneered the development of domestic key production technology for double-end functionalized solution-polymerized styrene-butadiene rubber. Tires made with this rubber meet the highest "AA" grade under the EU Tire Labeling Regulation, supporting the security of the high-end synthetic rubber industry and supply chains.

Key Technology for Stereoscopic Development of Mixed Sedimentary Shale Oil in Jimsar Supports Construction of China's First National Non-marine Shale Oil Demonstration Zone

As China's first national non-marine shale oil demonstration zone, the Jimsar Shale Oil Demonstration Zone is of great significance to China's shale oil revolution. However, its characteristics, including multi-source mixed depositions, high-frequency interbedding, and strong heterogeneity, have posed challenges for commercially profitable development. CNPC innovatively developed technology for the stereoscopic development of mixed sedimentary shale oil. In 2025, the Jimsar Shale Oil Demonstration Zone produced 1.81 million tons of oil, successfully meeting all construction targets.

3000M Ultra-Long Horizontal Well Drilling & Completion and Energy-Aggregated Fracturing Technologies Support Cost-Effective Coal-Rock Gas Development

To address the challenges such as wellbore instability and high fracturing costs in deep coal-rock gas development, CNPC innovatively developed ultra-long horizontal well drilling and completion technology, and completed China's first coal-rock gas horizontal well with a 3000m ultra-long horizontal section. The Company also established an energy-aggregated fracturing technology with the features of "energy aggregation + fluid and sand control + efficient placement". These achievements have effectively supported the large-scale production of deep coal-rock gas in the Ordos Basin and provide key technological guidance for the efficient development of coal-rock gas in China.

Digital and Intelligent Empowerment

A "Digital and Intelligent CNPC" has initially taken shape as the Company vigorously implements the "Digital and Intelligent CNPC" strategic initiative and continuously achieves new progress and breakthroughs in the three major initiatives of IT reinforcement, digital empowerment, and intelligent development. The comprehensive rollout of core IT reinforcement projects is driving a profound transformation in the Company's management model. The production and operation platform has successfully completed its pilot phase, further strengthening our optimization capabilities across the oil and gas value chain. New strides have been taken in digital transformation toward intelligent oilfields and refineries, while the Kunlun Large Model continues to be iterated and its application scenarios expanded. Moreover, the high-standard completion of the Yunmengze Smart Platform has further enhanced the image of CNPC in the digital space. A horizontally interconnected and vertically integrated digital and intelligence empowerment system is now basically in place, providing a strong support for the Company as it accelerates its journey toward becoming a world-class enterprise.

Progress of Digital and Intelligent Empowerment

Business Segment	Achievement
Oil, Gas & New Energies	Intelligent Oil and Gas Fields: Domestically, efforts were focused on such business areas as exploration and development, production and operation, and investment decision-making. A new intelligent management and control model was established, integrating closed-loop, end-to-end control of the entire production process, dynamic simulation of station and field processes, real-time optimization of production and operations, real-time equipment health monitoring, and real-time production safety control. Overseas, the Company advanced the shift from decentralized management to centralized management, gradually forming a digital and intelligent empowerment system with a "lean front office, strong middle office, and robust back office". Smart Natural Gas: Centered on intelligent operations across the entire industrial chain, efforts were made to strengthen the end-to-end control of operational safety, improve risk prediction and response capabilities, accelerate the transformation of the management model toward "unmanned, intensive, and standardized" operations, and establish a new model of transparent management and integrated online-offline operations.
Refining, Chemicals, Marketing & New Materials	Intelligent Refining & Chemicals: A series of reforms were introduced in the Company's production and operation processes, management models, and organizational structures. This enabled clear visibility of operational indicators, accurate business analysis, and effective risk management, comprehensively enhancing the capability to control production and operations. Smart Sales: The "full membership" system and "big data" operational framework were established, facilitating the formation of a new intelligent, online-offline integrated operation model for oil, gas, hydrogen, electricity, and non-fuel products, and driving the transformation of the sales business model from a plan-based, management-oriented approach to a platform-based, intelligence-driven one. Smart Trade: A "1+2+N" globally integrated and flexible IT organizational structure has been established. Enabling the coordinated use of global IT resources. A core ETRM system group was developed, providing second-level monitoring and early warning of futures positions, margins and profits, as well as comprehensive online aggregation, breakdown, and analysis of budget execution across all categories. A globally integrated management system has now taken shape.
Support & Services	Intelligent Technical Services: The application of EISC was promoted across the board, driving the upgrade of the business model toward "coordinated drilling and completion operations". An integrated management and control model covering production and operation, geology, engineering, and business management has been established, enabling standardization and efficient cross-regional collaboration across the entire drilling and completion process, which in turn drives improvements in both quality, efficiency, and operational productivity. Intelligent Engineering Construction: Digital integrated design, digital construction, digital delivery and digital management and control were advanced in an integrated manner. Demonstration projects were developed in such engineering fields as oil and gas surface facilities, pipeline storage and transportation, and refining and chemical facilities. Production organization models, management approaches, and operating mechanisms were improved to support the digital business operations. Intelligent Equipment Manufacturing: A unified, replicable model was used to drive operational efficiency and collaborative innovation across the entire business chain. This enabled the decomposition, tracking, and early warning of production plans, as well as precise matching and real-time inventory booking. As a result, both deployment efficiency and resource utilization were improved.
Capital & Finance	Intelligent Finance: Ongoing efforts consolidated the digital foundation, drove improvements in production and operation efficiency, and accelerated agile service responses. Industry-finance data sharing was carried out through a "headquarters-to-headquarters" model. The "Kunxiaoxin" system and standardized product systems enabled the optimization and upgrading of key business processes. By integrating multi-channel services and optimizing workflows, the comprehensive business innovation capabilities and market competitiveness of the business were significantly enhanced.

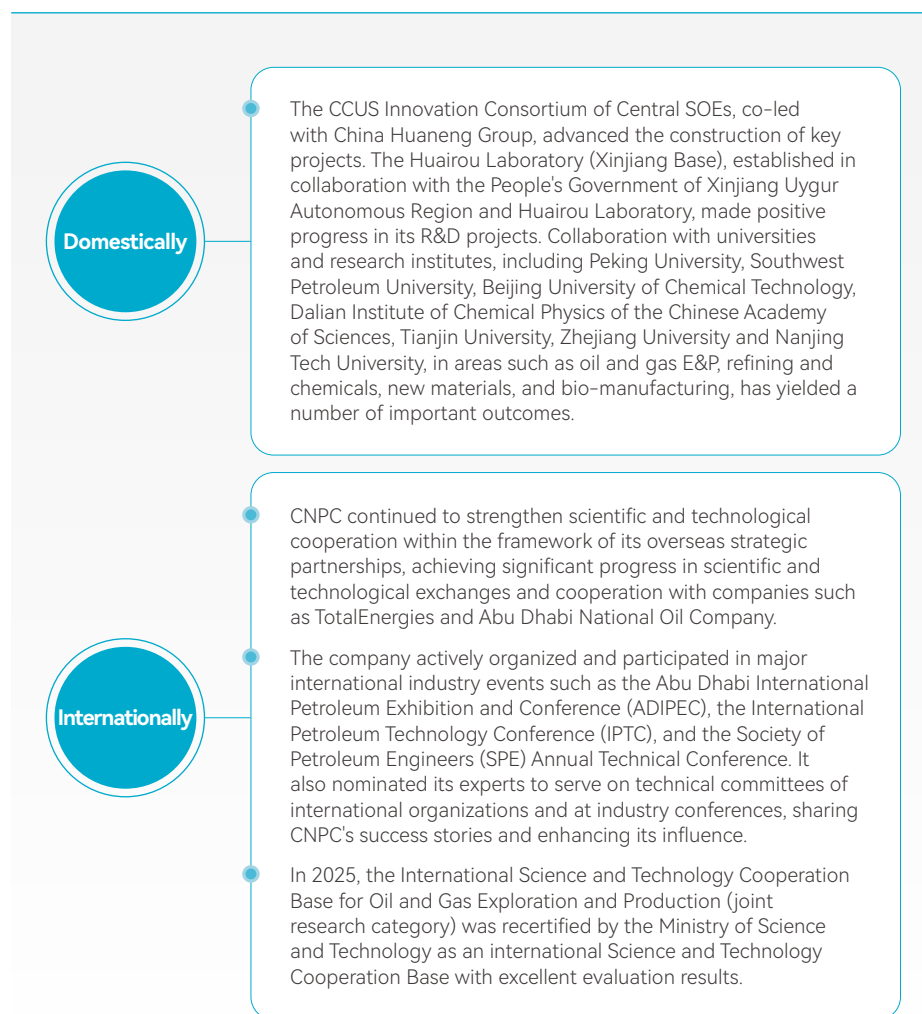


CNPC Unveils Kunlun Large Model with 300 Billion Parameters

On May 28, 2025, the launch event for the Kunlun Large Model with 300 billion parameters was held in Beijing, comprehensively showcasing the achievements in its development and application and demonstrating the transformative impact of AI on industry development. The development and application of this model represent a major milestone in CNPC's AI development journey and a landmark achievement in large model development for China's energy and chemical industry. CNPC views AI development as a strategic lever for building a world-class enterprise. It has refined top-level design, strengthened strategic guidance, and selected premium partners. By comprehensively advancing AI-powered technological innovation, industrial development, and management enhancement, and accelerating the development of a robust AI ecosystem for the energy and chemical industry, CNPC strives to build an "AI+" powered world-class enterprise.

Technological Exchange and Cooperation

CNPC continued to deepen innovation cooperation and works closely with energy companies, organizations, and research institutes at home and abroad. It advocates for industry technology alliances and innovation consortia and strives to create an innovation ecosystem featuring in-depth integration of the industrial chain and innovation chains.



Standardization and Intellectual Property

CNPC continued to improve its standardization system to support high-quality development. In 2025, the Company led the revision and development of 15 international and advanced foreign standards, 66 national standards, 138 industry standards and 155 enterprise standards. The Company deepened its engagement in international standardization affairs, actively fulfilling its role as the secretariat of international standardization technical bodies, and promoted the transformation of more technological innovation achievements into internationally accepted rules. The Company actively enhanced the "going global" of Chinese standards, reached a number of mutual recognition agreements on standards with foreign partners, and released two enterprise-level mutual recognition standards.

Throughout the year, the Company filed 12,400 patent applications globally and was granted 4,018 patents. By the end of 2025, the Company had 40,101 valid patents worldwide. It received one silver award and five excellence awards at the 25th China Patent Award.



Annual Business Review



The Company's four business segments operated in synergy with efficient coordination and resource sharing, enabling integrated planning and overall benefits to gradually materialize. Oil and gas industrial chains and other operations ran smoothly and efficiently with successful completion of production and operation targets for the year.

Oil, Gas & New Energies

In 2025, in line with high-efficiency exploration and profitability-based development, the Company implemented a new round of strategic mineral prospecting. Production operations were well organized, resulting in sustained growth in oil and gas production and a big leap in new energy capacity expansion.

Domestic Exploration and Production

The Company achieved a number of major breakthroughs and important discoveries in oil and gas exploration and successfully concluded the Seven-Year E&P Action Plan. Crude oil production saw steady growth as natural gas output grew rapidly, bringing total oil and gas production to 238.407 million tons of oil equivalent.

Oil and Gas Exploration

The Company stepped up efforts in high-efficiency exploration and fostered a virtuous cycle of reserves and production expansion, achieving three key breakthroughs in oil and gas exploration. Domestically, newly proven oil in place totaled 1,023.85 million tons and newly proven gas in place stood at 1,352.1 billion cubic meters for the year.

Reserves and Operating Data (Domestic)

	2023	2024	2025
Newly proven oil in place (mmt)	773.86	868.64	1,023.85
Newly proven gas in place (bcm)	754.2	996.9	1,352.1
2D seismic (km)	3,604	3,491	2,503
3D seismic (sq km)	25,078	18,114	18,023
Exploratory wells	1,356	1,246	1,169
Preliminary prospecting wells	684	522	512
Appraisal wells	672	724	657



Drilling operation site of Zigong 205H92 Platform, Southern Sichuan, Southwest Oil & Gas Field

Major Discoveries and Achievements in 2025

Oil

A new hydrocarbon accumulation model was established in the Fuyuan-Guole area of Tarim Basin, leading to a significant discovery in Members 3-4 of the Ordovician Yingshan Formation via the Guotan-1 well. In-depth research into accumulation models in and around the Wensu Uplift yielded new discoveries in both the shallow Jidike Formation sandstones and the deep Sinian carbonate reservoirs. A major discovery was made in risk exploration targeting a new type of progradational body within the Yanchang Formation in the Longdong area of Ordos Basin. Risk exploration on the Zhage Structural Belt in the central Linhe Depression of Hetao Basin yielded a significant discovery in the Lin-2 Member via the Batan-1 well, further expanding the scope and frontier of exploration.

Furthermore, large-scale reserve growth was realized through conventional exploration on the Carboniferous-Permian strata of the Zhongguai Uplift of Junggar Basin, Mesozoic oil in the Huanjiang area of Ordos Basin, and the medium-to-shallow strata in Ordos Basin; detailed exploration on the medium-to-shallow northern and western slopes in Songliao Basin and the medium-to-shallow Neogene plays in Nanyishan of Qaidam Basin; and high-efficiency exploration on the Qikou and Cangdong deep sags in Bohai Bay Basin and the shallow strata in the Zhao Huangzhuang area on the western slope of Raoyang.

Coal-rock Gas

Continued research into coal-rock gas accumulation mechanisms in Ordos Basin led to large-scale reserve additions in the Mizhi-Shenmu, Jiaxian, Sanjiao North, Daji, and Yichuan areas.

Natural Gas

A breakthrough was achieved in the exploration of Longwangmiao Formation via the Zhetan-1 Well in northwestern Sichuan Basin. As the first industrial gas well in this formation within the region, Zhetan-1 represents a milestone in Cambrian exploration, with the potential to replicate the success of the Anyue gas field. Significant discoveries were made during the risk exploration of the oolitic beach plays of the Feixianguan Formation via the Jitan-1 Well in northwestern Sichuan Basin and the Pingtan-1 Well in the Poxi area of the central Sichuan Basin. In the southern margin of the Junggar Basin, by targeting the middle combination of the thrust front zone of the Manas anticline, a new "thrust-sourced, overthrust-shielded" accumulation model was established, leading to a significant breakthrough in natural gas exploration at the Fengtan-1 Well. In Qaidam Basin, the Maxian slope adjacent to the Yibei main hydrocarbon-generating sag was selected to develop a tight gas accumulation model for the Lulehe Formation's lithological and Jurassic strata on the hydrocarbon-facing slope, resulting in a significant breakthrough in the Jurassic natural gas exploration in the Lutan-1 Well area.

Additionally, large-scale reserve growth was achieved through detailed exploration of natural gas in eight gas reservoirs, including the Permian system in the Nanchong-Hechuan area of central Sichuan Basin, and the Keshen-31 gas reservoir in the Kuqa piedmont of Tarim Basin; as well as exploration in the Kedong structural belt along the southwestern margin of Tarim Basin.

Shale Oil

Large-scale reserve growth was achieved at the deep Fengcheng Formation in Mabei of Junggar Basin, the Chang-7 member in Zhengning of Ordos Basin, the Qingshankou Formation Q9 layer in northern Songliao Basin, and the Leijia area in western Liaohe Depression of Bohai Bay Basin.

Shale Gas

New shale gas discoveries were made at Da'an and Luzhou in southern Sichuan. For shale gas exploration in the Longmaxi Formation of southern Sichuan Basin, the integration of "Geology-Engineering-Profitability" sweet spot evaluations and the unified deployment of the Zigong, Da'an, and Luzhou blocks resulted in a major increase in proved geological reserves of natural gas.

Tight Oil

A new tight oil accumulation model was established in the deep-depression Fuyu reservoirs of Songliao Basin. Three risk exploration wells targeting horst and graben zones yielded discoveries, confirming widespread oil presence across these structures. Furthermore, large-scale reserve growth was achieved via the Qitan-1 Well from the Permian Lucaogou Formation in the Jimsar Sag of Junggar Basin and in the Sanzhao Sag of northern Songliao Basin.

Tight Gas

Tight gas exploration in the Shaximiao Formation of the Tianfu-Zitong gas field expanded into peripheral areas beyond the "core production zone", resulting in sustained reserve growth. Tight gas exploration in the Sulige Su-19 and Su-99 blocks of Ordos Basin resulted in large-scale reserve growth.



Oil and Gas Production

238.407
million tons of oil equivalent

Domestic Output of Oil and Gas

106.563
million tons

Domestic Output of Crude Oil

165.46
billion cubic meters

Domestic Output of Natural Gas

Domestically, the Company produced 106.563 million tons of crude oil and 165.46 billion cubic meters of natural gas, up by 0.412 million tons and 6.82 billion cubic meters year-on-year respectively. The total production hit a record high of 238.407 million tons of oil equivalent.

Development of Key Oil and Gas Fields

The Company achieved steady output growth in major domestic oil and gas fields by strengthening the E&P activities in key oilfields. In 2025, oil and gas production of Changqing Oilfield remained efficient and steady, standing above 60 million tons of oil equivalent for six consecutive years. Daqing Oilfield continued to maintain crude output at around 30 million tons (including Tamtsag). Tarim Oilfield produced more than 33 million tons of oil equivalent. Natural gas production at Southwest Oil and Gas Field exceeded 50 billion cubic meters. Crude oil production in Xinjiang Oilfield exceeded 15 million tons. Liaohe Oilfield maintained stable production around 10 million tons.

Stable Production from Mature Fields

Guided by the "Five Refocus" approach (reservoir reevaluation, technical path reselection, well pattern reconstruction, flow field readjustment, surface process reorganization), the Company explored new paths for high-quality, steady production in mature fields, highlighting the role of mature oil and gas fields as the ballast of overall production. Based on an optimized layout for enhanced oil recovery projects, the "10 Oil + 9 Gas" demonstration projects covered five types of oil reservoirs, i.e., integrated medium-to-high permeability sandstone, complex fault blocks, multiple thin layers in kilometer-deep well sections, low-to-ultra-low permeability, and conglomerates; and four types of gas reservoirs, i.e., tight gas, clastic rocks, carbonate rocks, and shale gas, with an aim to explore new paths for high-quality and stable production in mature fields.

Oil and Gas Capacity Building

The Company continued to improve its professional management of capacity building and made steady progress as planned, delivering robust results in key projects. The year 2025 saw an addition of 9.28 million tons to the Company's crude capacity and an addition of 27.4 billion cubic meters to its natural gas capacity.

Unconventional Hydrocarbons

The Company enhanced its R&D efforts for E&P operations in unconventional resources, leading to new progress in the development of unconventional hydrocarbons. A suite of theories and technologies for exploration and development in continental shale oil was established, leading to breakthroughs in shale oil production. Reserves and production expansion in coal-rock gas accelerated, showing a robust growth momentum.

Shale Oil	Tight Gas	Shale Gas	Coalbed Methane	Coal-rock Gas
The Company successfully completed the construction of two national-level shale oil demonstration zones at Jimsar of Xinjiang Oilfield and Gulong of Daqing Oilfield, as well as the production base at Qingcheng of Changqing Oilfield. The Company's shale oil production reached 7.17 million tons in 2025.	The Company continued to expand the development scope of tight gas while pushing ahead with production adjustment in mature fields and cost-effective capacity building in new fields. Production ramp-up in Sichuan Basin gathered pace. The Company produced 51.41 billion cubic meters of tight gas in 2025.	Based on a three-tier approach, i.e., reducing costs and boosting utilization in medium-to-deep formations, enhancing production and tackling complexities in deep formations, and evaluating and determining technological roadmaps for new formations, the Company completed the construction of two deep shale gas fields with a capacity of 3 billion cubic meters each in Luzhou and western Chongqing, and confirmed the resources of more than 13 trillion cubic meters in the favorable strata of the Qiongzhusi Formation. The Company produced 16.8 billion cubic meters of shale gas in 2025.	For medium-to-shallow development in mature CBM fields such as Qinshui, development adjustment and rolling capacity building made orderly progress; capacity building at cooperation blocks such as Mabi further advanced. The Company produced 3.75 billion cubic meters of coalbed methane in 2025.	Focusing on favorable areas in the eastern part of the Ordos Basin, the Company accelerated reserves and production expansion and technological iteration to achieve leapfrog growth in annual output. The Company produced 3.98 billion cubic meters of coal-rock gas in 2025.

Gas Storage Facilities (Clusters)

Capacity expansion of gas storage facilities gathered pace. In 2025, three storage facilities (Changqing Yu-37, Tarim Yaha, and Tuha Wen-8) became operational, with five more facilities (North China Yexian, Daqing Shengping, Changqing Leilongwan, Tuha Nanhu Qudong, and Dagang Banshen-37) under construction. As of the end of 2025, 26 gas storage facilities (clusters) were operational.

In 2025, total gas injection stood at 20.76 billion cubic meters, with a storage capacity up to 26.44 billion cubic meters.

Domestic E&P Projects with International Partnership

The Company deepened E&P cooperation in China with international partners, including Shell, TotalEnergies and Chevron, focusing on low-permeability reservoirs, heavy oil,

shallow-water reservoirs, sour gas, high-temperature and high-pressure gas reservoirs, CBM, and tight gas, steadily advancing joint E&P projects.

In 2025, total oil and gas output of CNPC's E&P operations in China with international partners was 12.658 million tons of oil equivalent, including 1.902 million tons of crude oil and 13.5 billion cubic meters of natural gas. The Changqing Oilfield's South Sulige Project implemented AI-enabled, well-specific plans for well management, effectively supporting steady production in mature fields and increasing annual output by 51.33 million cubic meters; the Central Sichuan Project of Southwest Oil and Gas Field produced over 1.35 billion cubic meters of natural gas, up 48% year-on-year; the Southwest Oil and Gas Field's Chuandongbei (CDB) Project saw significant improvements in asset profitability and operational efficiency.

Overseas Oil and Gas Operations

The Company continued to bolster its overseas operations in Central Asia–Russia, Middle East, Africa, the Americas and Asia Pacific. Overseas E&P operations delivered fruitful results as overseas equity output reached an all-time high. As of the end of 2025, the Company had conducted oil and gas investment business in 33 countries and regions around the world.

Oil and Gas Exploration

The Company bolstered resource replacement significantly through risk exploration and progressive exploration. Important new discoveries were made in the Alam Block in Brazil; the Ahdab Project in Iraq delivered significant step-out reserve additions; exploratory breakthroughs were achieved at the T-Southwest new play in the Andes of Ecuador; the Amu Darya Project in Turkmenistan saw continuous growth in reserves.

Oil and Gas Production

Targeting the goal of stable output at 100 million tons, the Company fully implemented the "project-specific plans" work arrangement, and scientifically coordinated production operations under the Overseas Ballast Program. For the full year, the Company achieved equity oil and gas production of 107.92 million tons of oil equivalent.

The skeleton and capacity construction projects for the eastern gas fields in Block B on the bank of Amu Darya River was successfully commissioned, solidifying winter supply security; the second phase of capacity in Chad's New Block H became fully operational, providing a reliable guarantee for stable production; and the early commissioning of Mero-4, Búzios-6 and Búzios-7 of the Libra Project in Brazil facilitated the expansion of deep-water operations and the orderly replacement in overseas oil and gas capacity.



First Shipment of Liquefied Natural Gas from Canada

On July 23, 2025, the LNG carrier Wudang set sail from Kitimat loaded with the first shipment of 160,000 cubic meters of LNG from the Company's Canada LNG project, marking a breakthrough for CNPC's globalization strategy in the international LNG market.

The Canada LNG project is located in British Columbia, Canada, near the port of Kitimat on the Pacific coast. Delivering Canadian LNG to Asia directly for the first time, it has established a new trans-Pacific energy corridor, broadened Canada's natural gas export channels and helped create a more diversified market system. The Canada LNG project is a major international collaboration project on joint development of North American resources, involving Asian energy-consuming countries such as China, Japan, South Korea, and Malaysia, and integrating the technological advantages of Japanese and American engineering companies with the capacity advantages of Chinese manufacturing. It creates a new model of international energy cooperation through resource consolidation.

Pipeline Construction and Operation

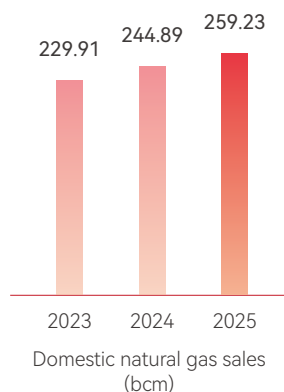
The Company's pipelines overseas maintained safe and stable operation. The transnational routes to northwest and southwest China delivered 23.7 million tons of crude oil and 48.5 billion cubic meters of natural gas throughout the year (including 23.7 million tons of crude oil and 43.5 billion cubic meters of natural gas transported to China), continuously enhancing oil and gas supply.

Refining and Chemicals

CNPC's overseas refining and chemicals projects ran steadily, processing 33.729 million tons of crude oil throughout the year.

Project Management

During the Second China–Central Asia Summit, the Company signed framework agreements for the Shymkent Refinery expansion, a gas-to-urea project in Aktobe, and the North-1 exploration block in Kazakhstan, along with a cooperation agreement on feed gas processing for the Urikhtau project. The contract for Oman Block 5 was successfully extended for the second time. Seizing bidding opportunities in key offshore areas and deepening research on super basins, CNPC, based on precise assessment and decisive action, partnered with Chevron to win bids for nine exploration blocks in the 5th Cycle of Brazil's Permanent Concession Offer (OPC), marking a breakthrough in optimizing its strategic layout and entering core deep-water domains.



Natural Gas Marketing

Aiming for "ensuring supply and maintaining profitability", the Company actively facilitated the construction of an integrated green energy supply system, strengthened marketing capabilities and emergency responses and achieved steady growth in domestic sales. The full-year domestic sales totaled 259.23 billion cubic meters (with a year-on-year increase of 5.9%), covering 31 provinces, municipalities, autonomous regions and HKSAR.

Natural Gas Market Expansion

The Company actively deepened its strategic planning to promote the high-quality natural gas market expansion. To further explore the high-end and high-value markets in response to the optimized allocation of productive factors, the Company focused on key industrial customers and secured the signing of medium- and long-term natural gas sales agreements, covering 10 corporate customers from the city gas, new energy, gas-to-power, and fertilizer sectors.

The Company established a professional, full-chain management system covering preliminary research, approval, execution, and post-investment operations for the end-user market, implementing 11 new projects and adding about 737,900 new end-users in 2025.

The full-year sales in the end-user market totaled 69.79 billion cubic meters, up 14.1% from a year earlier.

Liquefied Natural Gas (LNG)

The Company expedited its layout of LNG terminals as the Fujian LNG Terminal project progressed steadily and the storage tank expansion project for Jiangsu LNG Terminal started construction. As of the end of 2025, the Company has two LNG terminals in Jiangsu and Tangshan, with annual regasification and loading volume totaling 16.53 billion cubic meters. In 2025, the Company had 14 LNG plants in operation with a total processing volume of 3.74 billion cubic meters.

The Company continued to expand offshore LNG refueling for ships and added four new bunkering locations in 2025, including South Cheung Chau Anchorage and Kwai Tsing Terminal in Hong Kong, and Dachan Bay Terminal and Shekou Terminal in Shenzhen, further optimizing the bunkering network in the Greater Bay Area.



Jiangsu LNG Receiving Terminal

New Energies

The Company accelerated the advancement of its new energies business, marking a solid step in green transition. A number of landmark projects were put into operation, including the Shangku Solar Farm (Tarim Oilfield) and the Yuncheng Geothermal Heating Project (Jidong Oilfield), resulting in rapid growth in the Company's new energy supply capacity. The reorganization and establishment of CNPC Electric Energy Co., Ltd. aimed at building an integrated energy supply system centered on the electricity value chain and solidifying the foundation of business development.

Wind and Solar Power Generation

A number of landmark grid-connected projects were commissioned, including the 1.3-million-kilowatt Shangku Solar Farm of Tarim Oilfield. As of the end of 2025, total installed wind and solar capacity exceeded 17 million kilowatts (including visual progress).

Geothermal Energy

In 2025, the coverage of geothermal heating (and cooling) services added over 22 million square meters and totaled more than 70 million square meters (including O&M).

Hydrogen Energy

Based on market demand, the Company expanded its high-purity hydrogen capacity to 9,600t/a by the end of 2025. The construction of hydrogen supply centers accelerated with the commissioning of the 1,500t/a project at Karamay Petrochemical, forming a network of five hydrogen supply centers, i.e., North China Petrochemical, Sichuan Petrochemical, Changqing Petrochemical, Qingyang Petrochemical, and Karamay Petrochemical. Yumen Oilfield's 2,100t/a demonstration project for water electrolysis-based hydrogen production maintained operational stability, as the water electrolysis-based hydrogen production projects of Blue Ocean New Materials and Dushanzi Petrochemical progressed steadily.



Tarim Oilfield's 1.3 million kilowatt grid-connected Shangku Solar Farm went online

On January 15, 2025, as part of the Company's ongoing low-carbon transition, Tarim Oilfield's 1.3-million-kilowatt solar farm began grid-connected power generation in Shangku High-tech Zone, setting a record for the largest single photovoltaic project operated by CNPC and marking a new step of great significance for promoting the oilfield's transition towards green and low-carbon development, expanding its clean energy supply and improving the local economy and people's livelihoods.

over **22**
million square meters

In 2025, the coverage of geothermal heating (and cooling) services added

9,600 t/a

By the end of 2025, the Company's high-purity hydrogen capacity



Booming photovoltaic industry at Tarim Oilfield

Refining, Chemicals, Marketing & New Materials

188.352

million tons

Processing volume of domestic crude oil

118.374

million tons

Producing volume of domestic refined products

Driven by innovation and market research, the Company's Refining and Chemicals business saw steady progress in key transformation and upgrading projects and continuous improvement in operating capabilities. The Company processed 188.352 million tons of crude oil, produced 118.374 million tons of refined products and 9.303 million tons of ethylene throughout the year. The full-year new materials output reached 3.327 million tons (with a year-on-year increase of more than 60%). Domestic refined products sales totaled 119.039 million tons.

Refining and Chemicals

Keeping pace with market demand, the Company continued to intensify efforts in "reducing the output of refined products while boosting the output of new chemicals and specialty products" through resource allocation and product portfolio optimization, with an emphasis on promoting high quality, high efficiency and transformation and upgrading at a faster pace.

Operating Data of Refining and Chemicals (Domestic)

	2023	2024	2025
Crude runs (mmt)	190.146	188.217	188.352
Utilization rate of refining units (%)	85.6	84.7	84.8
Refined products output (mmt)	123.210	120.607	118.374
Gasoline	49.776	48.077	45.317
Kerosene	15.036	18.094	20.370
Diesel	58.399	54.436	52.687
Output of lubricating oil (mmt)	2.238	2.406	2.364
Output of ethylene (mmt)	8.001	8.652	9.303
Output of synthetic resin (mmt)	12.554	13.292	13.908
Output of synthetic fiber (mmt)	0.032	0.031	0.025
Synthetic rubber output (mmt)	0.966	1.007	1.105
Output of urea (mmt)	2.300	2.930	2.310
Output of synthetic ammonia (mmt)	1.875	2.275	1.961

Optimization of Refining & Chemical Product Portfolio

Focusing on reducing the output of refined products and boosting the output of chemicals and specialty products, the product portfolio of refining and chemicals operations responded proactively to market changes, resulting in production growth in the high-end and high-value products and maximization of profitability across the industry chain. The outputs of asphalt and petroleum coke hit record highs, while ethylene production exceeded 9 million tons for the first time and reached 9.303 million tons (with an increase of 0.651 million tons year-on-year). 22 of 30 key technical and economic indicators for the Company's refineries improved year-on-year as 2 remained unchanged.

The Company continued to push forward R&D and production of new chemical products and specialty chemicals. In 2025, 173 new grades of chemical products were developed and produced, with a total output of 1.452 million tons.



CNPC Guangxi Petrochemical's ethylene project successfully commenced production

On October 30, 2025, the Guangxi Petrochemical Ethylene Project – a national petrochemical project of strategic importance and a key part of the Company's "14th Five-Year Plan" – was commissioned at Qinzhou Port, Guangxi with the first shipment launched successfully. As the Company's first benchmark project for the transition from refining to refining-chemical integration, Guangxi Petrochemical's ethylene project consists of 14 chemical units centered on a 1.2Mt/a ethylene plant, along with two refining units and auxiliary facilities. After its start-up, the production of high-end polyolefins, functionalized rubbers, high-end film materials, and pipe materials will fill the gaps in domestic supply.

Construction of Large Refining & Chemical Bases

As of the end of 2025, the Company had nine large integrated refining and chemical complexes and fourteen 10Mt/a refineries in China.

The ethylene projects at Jilin Petrochemical and Guangxi Petrochemical as part of transitioning to refining-chemical integration were successfully commissioned; Dushanzi Petrochemical's Tarim Ethylene Project Phase II made steady progress.

Development and Application of New Materials

The Company further accelerated its New Materials Acceleration Program and continued to strengthen planning, R&D, and capacity construction for new materials. Full-year production of new materials reached 3.327 million tons, up 63% year-on-year. Key projects such as the emulsion-process ABS project at Daqing Petrochemical and the POE revamp project at Dushanzi Petrochemical were completed and put into operation. A number of flagship products, including ABS, NBR, SSBR, EPR, low-sulfur petroleum coke (including needle coke), and specialty asphalt, continued to expand their leading advantages in supply capacity, cost control, technological innovation, and marketing. Significant progress continued to be made in the development of metallocene polyolefins, with the Company maintaining the leading position in China in terms of the variety and output of domestically produced metallocene products. Lithium battery separator materials achieved exponential growth, with their application continuing to expand among leading industry enterprises. High-end asphalt products were successfully used in the mid-repair project of Chang'an Avenue, providing support for important national events.

3.327

million tons

Full-year production of new materials

up 63%

year-on-year



China's first gas-phase POE polymerization process achieved industrial-scale production

Polyolefin elastomer (POE), known as "industrial gold", is widely used in photovoltaic modules, lightweight automotive components, high-end packaging, and other fields. In 2025, Dushanzi Petrochemical produced nearly 60,000 tons of POE, achieving industrial-scale production and large-scale supply of the gas-phase variant. This filled a technological gap in China, effectively reducing the country's long-standing reliance on imported POE, and provided a stable, reliable, and high-quality domestic alternative.

Marketing

Based on in-depth market research and a coordinated marketing plan, the Company leveraged its integrated industry chain strengths to boost market development and improve sales quality and performance.

Refined Products

Leveraging a comprehensive market research and analysis system and based on the principle of "marketing-oriented production & production-driven marketing", the Company continued to deepen the integration of retail and wholesale operations, tie-in marketing for fuel & non-fuel products, oil-gas integration, and online + offline campaigns. The full-year domestic sales of refined products reached 119.039 million tons.

119.039

million tons

The full-year domestic sales of refined products

48.6

million tons

The full-year sales of chemical products

Marketing of Chemical Products

The Company launched a marketing campaign and implemented targeted marketing measures. In 2025, the Company sold 48.6 million tons of chemical products, up 7.9% year-on-year.

Marketing Network

Based on a prudent, well-targeted and profit-oriented approach, the Company continued to optimize its investment strategy and streamline the integrated energy network encompassing refined products, gas, hydrogen, electricity and non-fuel products. In 2025, 633 new service stations became operational, 3 new hydrogen refueling stations and 2,637 battery charging/swapping stations were completed. As of the end of 2025, the Company had operated a total of 22,127 service stations across the country.



The number of Kunlun e-Enjoy Card users surpassed 100 million

On July 14, 2025, the number of Kunlun e-Enjoy Card users exceeded 100 million. Following the rollout of the Station Management 3.0 system in 2024, the electronic fuel card was officially upgraded to the Kunlun e-Enjoy Card. Currently, the Kunlun e-Enjoy Card serves as both an important payment tool for member motorists and a core concept for CNPC to reshape its consumer ecosystem and conduct omni-channel marketing. It provides new momentum for the deep integration of "People + Car + Life" scenarios, driving the Company's transition into an integrated energy service provider in refined products, gas, hydrogen, electricity and non-fuel products.

Non-fuel Business

The non-fuel segment strengthened integrated marketing, operations, and product synergy, focusing on three key channels: convenience stores, online platforms, and corporate accounts, while expanding four business lines: instant retail, online malls, new media, and enterprise WeChat accounts. It also worked to develop diverse business forms and continuously enhance brand value. Full-year sales revenue reached RMB 23.4 billion in 2025.



Convenience store staff promoting local mangoes

560 million tons

In 2025, the Company achieved a trading volume

USD 264.3 billion

with a trading value

International Trade

Navigating major challenges including energy landscape restructuring, frequent geopolitical conflicts, and repeated tariff policy fluctuations, the Company continued to strengthen its three oil and gas trading hubs in Asia, Europe and the Americas, while expanding its trading and sales network, enhancing maritime transport capacity, and capitalizing on the trend toward green and clean energy to actively integrate itself into the wave of energy transition. In 2025, the Company achieved a trading volume of 560 million tons, with a trading value of USD 264.3 billion.



Crude Oil

The Company continued to build up crude oil trading capacity. Cross-regional trading volume of WTI crude oil increased by over 20% year-on-year. Benchmark oil trade operations were enhanced, ranking among the top three worldwide in terms of trading volume of major global benchmarks.



Natural Gas

The Company actively improved the efficiency of natural gas supply and successfully fulfilled needs for natural gas. Efforts were stepped up to acquire high-quality resources and explore the Southeast Asian market. The pioneering work in LNG bunkering services furthered the building up of a global pool of LNG resources.



Refined Products

The full-process export of refined products via the China-Laos Railway was established. Refined oil exports grew by over 5% year-on-year, achieving new levels of quality and efficiency in marketing.



Chemicals

The Company continued to expand exports and increased investments in overseas warehousing and logistics facilities, as a sales network covering the five Central Asian nations took shape. Exports of chemical products doubled from a year earlier.



Maritime Shipping

The custom-built LNG carrier "Qingcheng" was delivered, further expanding the Company's owned fleet. Chartered shipping volume exceeded 100 million tons for the fifth consecutive year, with operations spanning over 300 routes.



Green Energy and Green Minerals

Trading volume of green energy and green minerals saw a significant increase. The scale and variety of global carbon asset pool were continuously expanded and diversified, with biofuel trading expanding to cover the full spectrum of biodiesel, bio-jet fuel, and bio-marine fuel. The Company established trading processes for lithium carbonate, copper, and other products, continuously improving its international supply chain for new energy minerals.



Jurong Universal Fuel Storage Terminal jointly built by China Petroleum International (Singapore) Company in Singapore

Support & Services

Leveraging its expertise, the Company implemented the "dual-driver" (management + technology) approach to bolstering strategic capabilities and market competitiveness in Support & Services operations, providing strong support for the Company's high-quality development.

Oilfield Services

CNPC's Oilfield Services business continued to deepen reform and enhance operation management, accelerated the transition towards strategic self-reliance and moved towards the higher end of the industrial chain, resulting in a significant enhancement in its core competences and functions.

Oilfield Services Data

		2023	2024	2025
Geophysical Prospecting	2D seismic data acquired (km)	18,789	16,094	20,522
	3D seismic data acquired (km ²)	83,335	82,066	83,998
Drilling	Wells completed	9,452	9,345	8,689
	Drilling footage (million meters)	24.90	24.98	23.49
Well logging	Well logging operations (well-times)	94,205	98,119	100,757
Mud logging	Mud logging operations	9,609	8,768	9,406
Downhole operations	Downhole operations (well-times)	112,898	121,839	113,200
	Formation test (layers)	13,258	14,234	15,489
Offshore engineering	Offshore drilling footage (million meters)	0.422	0.430	0.523

Geophysical Prospecting

Based on the widespread adoption of "broadband, wide-azimuth and high-density" seismic prospecting techniques, the Company continued to work on new technologies for data acquisition and promote the use of vibroseis and nodal exploration systems to embrace a new era of intelligent nodal acquisition. R&D efforts were focused on ultra-deep exploration, multi-wave and multi-component seismology, seismic-geological integration, all-digital nodes, and cloud computing for geophysical research. The Company consolidated its research and development resources and accelerated technological breakthroughs to provide strong support for high-efficiency exploration.



In 2025

CNPC acquired **20,522** kilometers of 2D seismic data and **83,998** square kilometers of 3D seismic data.



10,000 meters

The drilling depth of the Shendichuanke-1 Well surpassed



Production Site of Manshen 502-H8 Well

Drilling

Focusing on strategic frontiers such as deep and ultra-deep formations and shale oil and gas, the Company strengthened technical support throughout the drilling process, achieving remarkable progress in drilling speed and efficiency. The drilling of Shenditake-1 Well was completed at a depth of 10,910 meters, and the drilling depth of the Shendichuanke-1 Well surpassed 10,000 meters.

In 2025, the Company spudded 8,634 wells and completed 8,689 wells, with a total footage of 23.49 million meters. Among them, 985 key wells of five key categories were completed throughout the year, with drilling time averaging 63.47 days, an improvement of 7.08% year-on-year.

Well Logging and Mud Logging

Under the technological innovation framework, the well logging segment effectively advanced R&D efforts and service applications for "strengthening technical assurance and enhancing support capabilities". Annual well logging operations totaled 100,757 well-times.

Focusing on key projects, the mud logging segment made new headway in achieving core technology breakthroughs, supporting high-efficiency E&P activities, facilitating transformation towards digital and intelligent operations, and expanding its market presence. In 2025, the Company completed mud logging operations for 9,406 wells.

Downhole Operations

In 2025, the Company completed 113,200 well-times of downhole operations, including 79,600 sections/intervals of fracturing.

Electric fracturing was applied more widely, achieving significant results in green, low-carbon fracturing and steady improvements in fracturing speed and overall efficiency.

Risk exploration and formation testing for ultra-deep wells continued to improve, leading to a number of new discoveries and high-yield oil and gas wells, and providing a strong guarantee for the establishment of high-efficiency reserve growth areas.

Offshore Engineering

In 2025, CNPC Offshore Engineering spudded 203 wells and delivered 197 wells, with a total footage of 523,400 meters. Internationally, the Company spudded 8 wells and delivered 6 wells, with a total drilling depth of 28,800 meters.

The Company further explored international markets and achieved a series of results. The platform jacket for the Ruya Project in Qatar was successfully constructed, and the JUB drilling project in Indonesia received high recognition.

Engineering and Construction

The Company continued to refine its full-lifecycle lean management system for engineering and projects and steadily optimize its market footprint and business structure, securing historic breakthroughs in market expansion. Leveraging technological innovation to drive high-quality development, the Company steadily improved the efficiency of technology commercialization, driving rapid growth in high-end markets and emerging industries.

Oil and Gas Field Surface Engineering

The OT2 & OT3 projects at the West Qurna-1 Oilfield in Iraq were fully completed and commissioned. The Company won a contract from TotalEnergies to build the Ratawi gas processing plant in Iraq, further cementing its position as a core supplier.

Storage & Transportation

National oil and gas infrastructure projects completed and put into operation in 2025 included the Third West-East Gas Pipeline (Zhongwei-Zaoyang) and the Weiuan/Luxian-Tongliang section of the second Sichuan-East Gas Transmission Pipeline. These demonstrated the Company's top-tier capabilities in construction integration and full-cycle execution for large-scale, long-distance, high-pressure natural gas trunkline projects under complex terrain and extreme conditions.

Refining & Chemicals Engineering

CNPC's integrated refining and chemical upgrading projects at Jilin and Guangxi were mechanically completed and started up as planned. The second phase of Dushanzi Petrochemical's Tarim ethylene project, with an annual capacity of 1.2 million tons, delivered improvements in management quality and faster construction. The Blue Ocean New Materials project progressed efficiently, with its pilot platform reaching mechanical completion.

"Carbon Peaking & Carbon Neutrality" and Emerging Industries

Jilin Oilfield's 550 MW Angge wind power project and Tarim Oilfield's 1.3 GW Shangku PV project were successfully connected to the grid. Construction began on the supporting green and low-carbon demonstration project for Tarim Phase II ethylene, paving the way for a "multi-chain synergy" initiative integrating energy, chemicals, and agriculture, while also moving toward near-zero emissions from ethylene cracking furnaces. The Da'an integrated wind-solar green hydrogen-to-ammonia demonstration project, built for State Power Investment Corporation, was successfully completed and put into operation. Installation of the Dewar base for the Hefei compact fusion energy project was successfully completed, marking a key step toward the engineering application of controllable nuclear fusion.

Overseas Business Development

The Company refined its global footprint and secured a landmark breakthrough in high-end markets. It signed several overseas contracts, including the Basra Seawater Pipeline Project in Iraq, the UAE LNG Pipeline Project, and Phase II of the Bab Bu Hasa AiP5 EPCM Project. In Central Asia, the Tashkent Green Hydrogen Project in Uzbekistan, the region's first green hydrogen facility, was successfully commissioned.



Equipment Manufacturing

Under a professional and coordinated management framework, the Company's equipment manufacturing business made overall progress in structural optimization, transformation of growth drivers, and deepening of value creation. Operational quality and efficiency improved steadily, with remarkable results in ensuring national energy security, core technological breakthroughs, and global market expansion.



Oil and Gas Equipment

The Company made major strides in the intelligent upgrading of drilling rigs and fracturing equipment. Its 12,000-meter drilling rig and 15,000-meter intelligent rig for ultra-deep wells provided high-quality support for the drilling of the Shenditake-1 and Chuanke-1 wells. A 175 MPa ultra-high pressure wellhead set a world record of 154.7 MPa in fracturing and acidizing operations. And a kilometer-class deepwater drilling riser achieved domestic substitution, marking a new level of technological self-reliance. The Company also continued to deepen business reform and restructuring, advance product and industrial transformation and upgrading, and enhance operational efficiency.



Refining & Chemicals and Transportation Equipment

Focusing on high-efficiency, low-carbon and intelligent development, the Company accelerated its push into areas such as gas turbines, industrial operating systems, and ultrasonic instruments. It launched a range of new products, including a coke slurry closed system with a coke pump, supercritical CO₂ pipeline steel, bimetallic metallurgically-clad pipe for deep-sea oil and gas, and 11,500-meter coiled tubing. These products helped ensure supply for key national pipeline projects and supported refining and chemical upgrading as well as major livelihood projects, demonstrating the Company's commitment to high-quality products and technologies.



New Energies and Power Equipment

The Company accelerated the build-out of a diversified product portfolio, including new energy storage, high-temperature heat pumps, downhole high-power electric heaters, green electricity boilers, CCUS/CCS, and supporting systems for wind and solar power. It also moved to create a supply system tailored for the full range of new energy applications, driving the upgrade of traditional power equipment toward cleaner, more efficient operation and supporting a fundamental shift in the energy mix.



Overseas Equipment Business

Under an international business strategy, the Company saw growth in size and profitability of its overseas operations, based on a "small frontline & big backup" approach to international marketing. The Company's overseas operations covered more than 110 countries and regions and served over 4,500 resource companies worldwide. Based on a "region-specific solutions + localized operations" model, the Company focused on core markets in the Middle East, Central Asia, and Latin America to boost market share; a mechanism for coordinating and facilitating major overseas projects was introduced with a strong service commitment to "response within 24h & problem solving within 48h", in order to ensure timely delivery of key projects, strengthen brand influence and bolster the performance of international business.

Capital & Finance

In 2025, adhering to the principle of "industry-finance integration, finance enabling industry, holistic collaboration, and excellence in specialization", the Company's Capital & Finance remained dedicated to serving core operations and the real economy and aligned with the Company's industrial chain and value chain to build up a product and service system that better meets the needs of core operations and expand the industry-finance integration into new models and new areas, achieving significant results across all initiatives.

● CPF

China Petroleum Finance Co., Ltd. (CPF) performed its functions of fund concentration, settlement, fund monitoring and financial services, focusing on expanding loan coverage. It launched innovative products including gas storage acquisition loans and "green financing loans", increasing the overall fund concentration rate to over 60% and supporting centralized fund management and improved fund utilization efficiency.

● Commercial Banking Services

Adhering to the business path of "serving niche, complex, specialized, and in-depth segments", Bank of Kunlun saw its deposits rising above RMB 300 billion, launched new products such as mineral rights loans and green transition loans and issued the first Gas E-Loan for LNG storage and transportation, serving the needs of customers across the industrial chain and contributing to the sales of 3.83 million tons of refined products and chemicals and 3.3 billion cubic meters of natural gas.

● Trust

Kunlun Trust reaffirmed its commitment to the essence of trust services and core operations, executing 13 green trust projects throughout the year with the existing green trusts totaling over RMB 10 billion. Among them, the "Fengcheng Oilfield CCUS Project" of Xinjiang Oilfield was recognized as one of the "Top Ten Green Trust Cases" by the China Trustee Association in 2025.

● Financial Leasing

In 2025, Kunlun Financial Leasing launched an equipment sharing leasing platform and successfully delivered its first 174,000-cubic-meter LNG carrier, "Qingcheng", marking the world's first LNG carrier project to be funded and constructed with RMB-denominated investment and financing. In 2025, new funding disbursements totaled RMB 22 billion, with the leasing assets under management reaching RMB 74.4 billion, both record highs. This included RMB 11.634 billion in technology leasing (up 72%) and RMB 9.14 billion in green leasing, with the share of green leasing assets exceeding 50%.

● Insurance & Insurance Brokerage

The Company provided RMB 3.48 trillion in asset, liability, and employee health coverage under captive insurance, with the total amount of claims processed throughout the year exceeding RMB 1.2 billion. A breakthrough was made in coordinated overseas insurance services, broadening the scope of insurance services to 58 projects across 26 countries. Based on the principle of "all needs are covered", Kunlun Insurance Brokerage continued to provide risk protection by launching employer captives tailored for the Company's contractors and designing 271 green insurance items for 63 core business units.

● Industrial Capital Investment

Kunlun Capital actively cultivated emerging sectors of strategic importance and industries of the future. In 2025, it delivered 15 projects in new energies, new materials, digital intelligence, low-altitude economy and controlled nuclear fusion, reaching record highs in terms of investment quality and efficiency. By deepening the interaction between "industry, capital, and finance", the Company facilitated the launching of multiple funds, expanding its fund business to over RMB 10 billion.

Financial Statements

Consolidated Balance Sheet

million RMB yuan

Item	2023	2024	2025
Current assets			
Cash and cash equivalents	355,058.62	273,455.88	306,911.26
Funds lent*	287,486.71	298,704.22	280,967.51
Financial assets held for trading	123,562.59	122,838.64	137,594.17
Derivative financial assets	17,154.37	9,297.62	9,349.82
Notes receivable	551.28	1,268.18	397.89
Accounts receivable	96,854.06	104,795.79	123,924.04
Receivables under financing	10,643.63	8,185.79	3,279.10
Prepayments	85,000.14	69,346.21	127,927.47
Premium receivable*	120.69	50.70	50.90
Reinsurance accounts receivable*	861.60	302.07	358.82
Reinsurance reserves receivable*	1,485.42	663.89	401.31
Other receivables	49,217.73	51,504.56	41,106.48
Financial assets purchased under resale agreements*	8,751.04	11,560.64	17,753.42
Inventories	225,305.68	214,154.66	194,331.30
Contract assets	53,672.19	44,314.54	29,912.44
Assets held for sale	4.59	—	1,340.18
Non-current assets maturing within one year	146,588.82	158,344.89	165,608.38
Other current assets	165,008.12	150,831.88	169,936.05
Total current assets	1,627,327.28	1,519,620.16	1,611,150.54
Non-current assets			
Loans and advances issued*	97,892.28	93,946.29	99,846.80
Debt investments	87,343.63	83,163.17	79,237.84
Other debt investments	35,193.12	50,291.91	66,847.58
Long-term accounts receivable	59,321.07	61,832.89	63,121.39
Long-term equity investments	334,260.04	341,942.07	355,598.44
Other investments in equity instruments	24,128.34	26,927.98	24,464.60

Consolidated Balance Sheet (continued)

million RMB yuan

Item	2023	2024	2025
Other non-current financial assets	26,550.30	27,143.26	35,333.53
Investment properties	2,979.87	3,330.53	3,277.53
Fixed assets	636,009.99	658,675.08	707,832.96
Construction in progress	261,925.00	250,443.05	244,692.21
Oil and gas assets	1,009,852.25	1,030,642.98	1,019,066.18
Right-of-use assets	43,239.18	41,471.38	40,989.10
Intangible assets	107,859.08	107,730.69	109,856.43
Development expenditure	1,314.47	2,057.84	1,519.01
Goodwill	7,563.81	7,551.50	7,385.11
Long-term deferred expenses	39,078.66	40,232.92	39,493.91
Deferred tax assets	32,406.82	39,807.85	46,251.07
Other non-current assets	40,935.90	48,353.05	45,835.86
Total non-current assets	2,847,853.81	2,915,544.44	2,990,649.55
Total assets	4,475,181.09	4,435,164.60	4,601,800.09
Current liabilities			
Short-term loans	86,327.09	83,728.77	80,760.49
Borrowings from central bank*	7,570.25	9,037.31	7,272.57
Borrowing funds*	33,341.28	19,113.56	21,387.19
Trading financial liabilities	3,592.26	6,749.86	6,128.34
Derivative financial liabilities	14,527.82	9,519.89	7,618.89
Notes payable	64,256.72	33,657.77	24,291.12
Accounts payable	420,976.33	389,920.57	392,759.60
Receipts in advance	1,166.51	1,486.42	1,951.74
Contractual liabilities	114,313.63	112,686.85	112,971.02
Funds from sales of financial assets with repurchase agreement*	36,504.33	36,196.66	26,813.51
Deposits from customers and interbank*	263,512.57	285,466.25	299,513.67
Funds arising from acting trading of securities*	0.01	0.01	0.01

Consolidated Balance Sheet (continued)

million RMB yuan

Item	2023	2024	2025
Employee benefits payable	79,426.38	79,654.01	77,957.13
Taxes payable	87,623.26	71,412.69	63,470.02
Other payables	67,310.86	57,652.55	59,225.99
Handling charges and commissions payable*	18.30	1.36	0.02
Reinsurance accounts payable*	711.55	118.59	173.08
Liabilities held for sale	—	—	48.95
Non-current liabilities due within one year	124,462.45	58,135.18	65,380.16
Other current liabilities	52,084.69	51,364.99	63,529.42
Total current liabilities	1,457,726.29	1,305,903.29	1,311,252.92
Non-current liabilities			
Reserve for insurance contracts*	5,317.75	3,027.76	2,814.17
Long-term loan	61,372.32	59,270.99	18,153.33
Debentures payable	71,402.50	59,039.52	71,995.79
Lease liabilities	20,799.71	16,868.28	11,362.52
Long-term payables	12,606.98	12,401.87	11,341.49
Long-term employee remuneration payable	1,480.23	1,232.83	1,128.26
Accrued liabilities	162,761.72	179,625.17	192,641.89
Deferred income	10,422.60	11,635.44	12,010.27
Deferred tax liabilities	50,385.48	57,585.35	59,160.82
Other non-current liabilities	12,499.00	32,409.73	53,113.33
Total non-current liabilities	409,048.29	433,096.94	433,721.87
Total liabilities	1,866,774.58	1,739,000.23	1,744,974.79
Owners' equity			
Paid-up capital (or share capital)	487,055.00	487,897.99	488,669.29
Other equity instruments	30,205.15	10,950.28	66,250.65
Capital reserve	271,687.99	271,144.78	270,692.31
Other comprehensive income	-7,636.16	-17,288.65	-23,109.98
Special reserve	14,210.80	13,910.61	14,263.63
Surplus reserve	1,094,905.96	1,103,241.38	1,110,327.10

Consolidated Balance Sheet (continued)

million RMB yuan

Item	2023	2024	2025
General risk provisions*	12,531.91	13,002.30	13,306.74
Undistributed profit	294,059.69	385,571.23	455,521.46
Total equity attributable to CNPC	2,197,020.34	2,268,429.92	2,395,921.20
Minority interest	411,386.17	427,734.45	460,904.10
Total owners' equity	2,608,406.51	2,696,164.37	2,856,825.30
Total liabilities and owners' equity	4,475,181.09	4,435,164.60	4,601,800.09

Consolidated Income Statement

million RMB yuan

Item	2023	2024	2025
1. Revenue	3,160,827.04	3,136,221.27	3,052,463.29
Including: Operating revenue	3,127,804.49	3,102,283.94	3,023,753.44
Interest income*	30,202.56	30,806.21	26,540.91
Premiums earned*	1,402.54	1,665.74	908.61
Handling charges and commission income*	1,417.45	1,465.38	1,260.33
2. Total cost of operations	2,863,074.67	2,857,080.24	2,777,690.97
Including: Operating cost	2,301,003.46	2,332,104.09	2,285,288.84
Interest expenses*	11,891.17	9,287.52	7,415.55
Handling charges and commission expenses*	1,756.54	2,112.80	1,557.04
Net expenditure for compensation payments*	1,247.64	1,250.84	1,109.92
Net amount of provision for insurance contract*	-100.19	132.09	14.86
Reinsurance costs*	155.00	173.22	96.18
Tax and surcharges	312,750.54	283,652.22	261,580.09
Selling expenses	76,820.68	70,301.99	67,112.49
Administrative expenses	98,362.23	93,144.92	96,533.14
R&D expenses	33,849.82	35,450.44	36,077.00
Finance expenses	4,402.05	8,452.44	1,680.79
Other	20,935.73	21,017.67	19,225.07

Consolidated Income Statement (continued)

million RMB yuan

Item	2023	2024	2025
Add: Other gains	23,065.78	21,088.88	21,551.81
Gain from investment (Loss is represented by "-")	18,357.68	24,918.92	31,711.66
Exchange gain (Loss is represented by "-")*	-52.89	-87.70	7.57
Net exposure gains (Loss is represented by "-")	—	—	—
Gains from change in fair value (Loss is represented by "-")	5,401.36	15,261.01	2,856.71
Credit impairment loss (Loss is represented by "-")	-5,880.89	-4,243.20	-8,897.67
Impairments loss of assets (Loss is represented by "-")	-34,602.01	-20,782.10	-34,947.59
Gain on disposal of assets (Loss is represented by "-")	1,637.44	1,155.06	1,093.43
3. Operating profit (Loss is represented by "-")	305,678.84	316,451.90	288,148.24
Add: Non-operating revenue	5,102.55	6,306.77	6,027.88
Including: Government grants	1,139.60	814.32	1,863.72
Less: Non-operating expenses	22,682.85	21,730.11	19,159.18
4. Earnings before taxes (Loss is represented by "-")	288,098.54	301,028.56	275,016.94
Less: Income tax expenses	92,854.01	95,157.96	81,655.23
5. Net income (Net loss is represented by "-")	195,244.53	205,870.60	193,361.71
(1) Classified by continuity of operations:			
Net income from continuous operation	195,244.53	205,870.60	193,361.71
Net income from discontinued operation	—	—	—
(2) Classified by ownership:			
Net income attributable to CNPC	150,859.24	161,344.39	152,085.70
Minority interest	44,385.29	44,526.21	41,276.01

Note: Those with the * symbol are line items for financial companies.

Notes to the Financial Statements

A. Description of Principal Accounting Policies and Estimates

1. Accounting standards and systems

CNPC adopts the *Accounting Standards for Business Enterprises – Basic Standard*, along with the specific accounting standards, application guidelines, interpretations, and other relevant regulations subsequently issued by the Ministry of Finance.

2. Accounting period

CNPC's accounting period begins on January 1 and ends on December 31 of each calendar year.

3. Functional currency

The functional currency of CNPC and most of its subsidiaries is Renminbi (RMB). CNPC's consolidated financial statements are presented in RMB.

4. Accounting basis and measurement basis

The financial statements are prepared on the accrual basis of accounting. The measurement attributes used by CNPC include historical cost, replacement cost, net realizable value, present value, and fair value.

5. Definition of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and demand deposits. Cash equivalents are short-term (generally maturing within three months from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

6. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions are initially recorded in RMB using the spot exchange rate on the transaction date. At the balance sheet date, monetary foreign currency items are translated using the spot exchange rate at that date. Exchange gains and losses arising from operating activities are recognized as financial expenses; those related to the acquisition or construction of fixed assets, oil and gas assets, or other capitalizable assets are accounted for in accordance with the relevant provisions on

borrowing costs; and those arising during the liquidation period are recognized as liquidation gains or losses.

Non-monetary foreign currency items measured at historical cost remain translated at the spot exchange rate on the transaction date, and their RMB amount is not adjusted. Non-monetary foreign currency items measured at fair value are translated into RMB using the spot exchange rate on the date the fair value is determined. The resulting translation difference is recognized in profit or loss for the current period as a change in fair value.

(2) Translation of foreign currency financial statements

For a foreign operation, assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; owner's equity items, other than "undistributed profit," are translated at the spot exchange rate at the dates on which they arose. Income and expense items in the income statement of the foreign operation are generally translated using the arithmetic average of the daily reference rates for RMB announced by the People's Bank of China (PBC) over the period covered by the income statement. The resulting translation difference from the balance sheet translation is separately presented as "Translation Difference on Foreign Currency Financial Statements" under owner's equity. An exchange difference arising from a monetary foreign currency item that in substance forms part of the net investment in a foreign operation is also separately presented under owner's equity as a translation difference on foreign currency financial statements when preparing consolidated financial statements. Upon disposal of a foreign operation, the translation difference relating to that foreign operation is transferred to profit or loss for the period of disposal on a proportionate basis.

In the cash flow statement, the opening balances of cash and cash equivalents are translated at the exchange rate at the beginning of the period; the closing balances are translated at the spot exchange rate on the balance sheet date. Other items are generally translated using the arithmetic average of the daily reference rates for RMB announced by the PBC over the period covered by the cash flow statement. The translation difference arising from the cash flow statement translation is separately presented as "Effect of Exchange Rate Changes on Cash".

7. Financial instruments

Financial instruments include cash and bank balances, equity investments other than long-term equity investments, receivables, payables, borrowings, bonds payable, and share capital, among others.

(1) Classification of financial assets

Based on the business model for managing financial assets and their contractual cash flow characteristics, financial assets are classified upon initial recognition into the following categories: financial assets measured at amortized cost, financial assets measured at fair value with changes recognized in other comprehensive income, and financial assets measured at fair value with changes recognized in profit or loss.

(2) Classification of financial liabilities

Financial liabilities are classified into those measured at fair value with changes recognized in profit or loss and those measured at amortized cost.

(3) Impairment of financial assets

Based on expected credit losses, CNPC accounts for impairment and recognizes loss provisions for financial assets measured at amortized cost, contract assets, and debt investments measured at fair value with changes recognized in other comprehensive income.

8. Inventories**(1) Classification of inventories**

Inventories include raw materials, work in progress, finished goods, goods in transit, and others.

(2) Measurement of inventory costs

Inventories are accounted for using the perpetual inventory system. Inventories are initially measured at actual cost upon acquisition. The actual cost of inventories issued or sold is determined using the weighted average method.

(3) Amortization of low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized using the one-time write-off method when put into use, and the amortization is recognized in the relevant costs and expenses.

(4) Period-end inventory valuation and recognition and measurement of provision for inventory write-down

At the end of the reporting period, inventories are measured at the lower of cost and net realizable value. Based on a full physical inventory count at period-end, if any of the following circumstances indicate that the net realizable value of inventories is lower than their cost, CNPC recognizes a provision for inventory write-down for the amount by which the cost of each individual inventory item exceeds its net realizable value. For inventories that are large in quantity but low in unit price, the provision may be recognized by inventory category. Net realizable value is

determined as the estimated selling price less estimated costs to complete, selling expenses, and related taxes and fees.

- a. The market price of inventories is continuously declining, with no expectation of recovery in the foreseeable future;
- b. The cost of products manufactured using the raw materials exceeds the selling price of such products;
- c. Due to product upgrades, existing raw materials in inventory no longer meet the requirements of new products, and the market price of such raw materials is lower than their carrying amount;
- d. The goods or services provided have become obsolete, or changes in consumer preferences have caused a shift in market demand, resulting in a gradual decline in market prices;
- e. Other circumstances that provide sufficient evidence that the inventories have in substance become impaired.

9. Contract assets

A right to receive consideration for goods transferred to a customer is recognized as a contract asset if that right depends on factors other than the passage of time. An unconditional right to receive consideration from a customer (i.e., a right that depends only on the passage of time) is presented separately as a receivable.

10. Long-term equity investments**(1) Determination of investment costs**

For a long-term equity investment acquired through a business combination under common control, the investment cost is recognized at the combination date as the acquirer's share of the carrying amount of the acquiree's equity as reflected in the ultimate controlling party's consolidated financial statements.

For a long-term equity investment acquired through a business combination not under common control, the investment cost is recognized as the combination cost.

For long-term equity investments acquired through means other than business combinations: if acquired through a cash payment, the initial investment cost is the actual purchase price paid; if acquired through issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of investment income

- a. Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted

for using the cost method. Except for cash dividends or profit distributions that were declared but not yet paid and were included in the price or consideration paid to acquire the investment, the investor's share of cash dividends or profit distributions declared by the investee is recognized as investment income for the current period.

b. Long-term equity investments accounted for using the equity method

Long-term equity investments in associates and joint ventures are accounted for using the equity method. If the initial investment cost exceeds the investor's share of the fair value of the investee's identifiable net assets at the investment date, the initial investment cost is not adjusted. If the initial investment cost is less than the investor's share of the fair value of the investee's identifiable net assets at the investment date, the difference is recognized in profit or loss for the current period.

The investor recognizes its share of the investee's net profit or loss and other comprehensive income as investment income and other comprehensive income, respectively, and adjusts the carrying amount of the long-term equity investment accordingly. The investor reduces the carrying amount of the long-term equity investment by its share of profits or cash dividends declared by the investee. For other changes in the investee's equity that do not arise from net profit or loss, other comprehensive income, or profit distributions, the investor adjusts the carrying amount of the long-term equity investment and recognizes the adjustment in equity.

In recognizing the investor's share of the investee's net profit or loss, the investee's net profit is adjusted based on the fair value of the investee's identifiable net assets at the acquisition date and in accordance with CNPC's accounting policies and accounting period. If the investee prepares consolidated financial statements during the holding period, the investor's share is based on the amounts attributable to the investee in those consolidated financial statements with respect to net profit, other comprehensive income, and other changes in equity.

In recognizing the investor's share of the investee's losses, the following sequence is applied: first, the carrying amount of the long-term equity investment is reduced; second, if the carrying amount of the long-term equity investment is insufficient, the investor continues to recognize investment losses to the extent of the carrying amount of other long-term interests that in substance form part of the investor's net investment in the investee, reducing the carrying amount of long-term receivables, etc.; third, if after the above steps the investor still has additional obligations under the investment contract or agreement, the

investor recognizes a provision for the estimated obligation and records it as investment loss for the current period. If the investee becomes profitable in subsequent periods, after deducting the unrecognized share of losses, the above steps are reversed: the carrying amount of the recognized provision is reduced, the carrying amount of other long-term interests that in substance form part of the investor's net investment in the investee is restored, and the carrying amount of the long-term equity investment is restored, with investment income recognized accordingly.

c. Disposal of long-term equity investments

Upon disposal of a long-term equity investment, the difference between the carrying amount and the proceeds received is recognized in profit or loss for the current period.

Upon disposal of a long-term equity investment accounted for using the equity method, amounts previously recognized in other comprehensive income relating to that investment are accounted for on the same basis as would be required if the investee had directly disposed of the related assets or liabilities, and are transferred to profit or loss in proportion. Equity previously recognized for changes in the investee's equity other than those arising from net profit or loss, other comprehensive income, and profit distributions is transferred to profit or loss for the current period in proportion.

If an investor loses joint control or significant influence over an investee due to a partial disposal of its equity investment, the remaining interest is measured at fair value and accounted for in accordance with the standards for recognition and measurement of financial instruments. The difference between the fair value and carrying amount of the remaining interest at the date when joint control or significant influence is lost is recognized in profit or loss for the current period. Other comprehensive income previously recognized in relation to the equity investment under the equity method is accounted for upon cessation of the equity method on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. Equity previously recognized for changes in the investee's equity other than those arising from net profit or loss, other comprehensive income, and profit distributions is transferred in full to profit or loss for the current period upon cessation of the equity method.

If an investor loses control over an investee due to a partial disposal of its equity investment, in preparing the separate financial statements: if the remaining interest gives the investor joint control or significant influence over the investee, the investor accounts for the remaining interest using the equity method and adjusts it as if the equity method had been applied from the date of acquisition; if the remaining interest does not

give the investor joint control or significant influence over the investee, the investor accounts for the remaining interest in accordance with the standards for recognition and measurement of financial instruments, and recognizes the difference between its fair value and carrying amount at the date control is lost in profit or loss for the current period.

If the equity interest being disposed of was acquired through a business combination (e.g., through additional investments), in preparing the separate financial statements: if the remaining interest is accounted for using the cost method or the equity method, other comprehensive income and other equity previously recognized in relation to the equity investment held before the acquisition date under the equity method are transferred in proportion; if the remaining interest is accounted for in accordance with the standards for recognition and measurement of financial instruments, other comprehensive income and other equity are transferred in full.

(3) Basis for determining joint control and significant influence over the investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An investee over which CNPC has joint control together with other joint venture partners and has rights to the net assets of the investee is a joint venture of CNPC.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but not control or joint control over those policies. An investee over which the investor has significant influence is an associate of CNPC.

(4) Impairment testing and recognition of impairment provisions

At the end of the reporting period, long-term equity investments are reviewed and an impairment provision is recognized for the amount by which the carrying amount exceeds the recoverable amount. Once recognized, an impairment provision for a long-term equity investment shall not be reversed in subsequent accounting periods.

A non-marketable long-term equity investment may be impaired if any of the following indicators exists:

- a. There is a change in the political or legal environment affecting the investee's operations, such as the enactment of or amendment to tax or trade regulations, that may result in significant losses for the investee.
- b. The goods or services provided by the investee have become obsolete or market demand has changed, resulting in a serious

deterioration in the investee's financial condition.

c. There have been significant changes in production technology or other factors in the investee's industry, causing the investee to lose its competitiveness and resulting in a serious deterioration in its financial condition, such as through restructuring or liquidation.

d. Other circumstances indicating that the investment can no longer generate economic benefits for the enterprise.

11. Right-of-use assets

A right-of-use asset is initially measured at cost, which includes the initial measurement amount of the related lease liability; lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the lessee; and costs expected to be incurred to dismantle and remove the leased asset, restore the site on which it is located, or restore it to the condition required by the lease terms, excluding costs incurred to produce inventories.

Subsequent to the commencement date, right-of-use assets are measured using the cost model. Depreciation of a right-of-use asset is provided as follows: if the lessee can reasonably determine that it will obtain ownership of the leased asset by the end of the lease term, depreciation is provided over the remaining useful life of the leased asset; otherwise, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset, except that if the remaining useful life of the right-of-use asset itself is shorter than that shorter period, depreciation is provided over the remaining useful life of the right-of-use asset.

12. Revenue

Revenue is recognized when the performance obligation in a contract is satisfied by transferring control of a promised good or service to a customer. For a contract that contains two or more performance obligations, the transaction price is allocated to each performance obligation at the contract inception date in proportion to the relative standalone selling prices of the promised goods or services, and revenue is measured based on the amount allocated to each performance obligation.

13. Government grants

(1) Classification of government grants

Government grants consist primarily of treasury funding, interest subsidies, tax rebates, and non-monetary assets allocated free of charge, among others.

(2) Recognition of government grants

CNPC recognizes a government grant when it has met the conditions attached to the grant and the grant is receivable.

(3) Accounting for government grants

A government grant related to an asset is recognized as deferred income and is subsequently recognized in profit or loss for the current period on a reasonable and systematic basis over the useful life of the related asset.

A government grant related to income that is intended to compensate CNPC for future costs, expenses, or losses is recognized as deferred income and is subsequently recognized in profit or loss for the current period, or used to reduce the related costs, expenses, or losses, in the period in which the related costs, expenses, or losses are recognized. A government grant related to income that is intended to compensate CNPC for costs, expenses, or losses already incurred is recognized directly in profit or loss for the current period, or used to reduce the related costs, expenses, or losses.

(4) Measurement of government grants

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

14. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized based on the differences between the carrying amounts of assets and liabilities and their tax bases (temporary differences). Deductible losses and tax credits that can be carried forward to reduce taxable income in future years under applicable tax laws are treated as temporary differences, and the corresponding deferred tax assets are recognized. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the related asset is recovered or the liability is settled.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, deductible losses, and tax credits can be utilized. If it becomes probable that sufficient taxable profit will not be available in future periods to utilize a recognized deferred tax asset, the carrying amount of the deferred tax asset is reduced. The amount so reduced is reversed when it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and deferred tax liabilities are presented on

a net basis when the following conditions are both satisfied:

(1) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within CNPC; and

(2) such taxable entity has a legally enforceable right to offset current tax assets against current tax liabilities.

15. Lease

A lease is a contract whereby a lessor transfers the right to use an asset to a lessee for a period of time in exchange for consideration. At the inception of a contract, an assessment is performed to determine whether the contract is, or contains, a lease. A contract is, or contains, a lease if a party to the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To determine whether a party to a contract conveys the right to control the use of an identified asset for a period of time, the following assessments are performed:

a. whether the contract involves the use of an identified asset. An identified asset may be explicitly specified in the contract or implicitly specified when the asset is made available to the customer. The asset must be physically distinct, or if a portion of the asset's capacity is not physically distinct, that portion must represent substantially all of the asset's capacity such that the customer obtains substantially all of the economic benefits from its use. An asset is not an identified asset if the supplier has a substantive right to substitute the asset throughout the period of use.

b. whether the lessee has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use;

c. whether the lessee has the right to direct the use of the identified asset throughout the period of use.

If a contract contains multiple separate leases, the lessee and the lessor shall account for each separate lease component separately. If a contract contains both lease and non-lease components, the lessee and the lessor shall separate the lease components from the non-lease components. In separating the lease and non-lease components, the lessee allocates the contract consideration to each lease component on a relative standalone price basis.

(1) CNPC as a lessee

At the commencement date of a lease, a right-of-use asset and a lease liability are recognized. The right-of-use asset is initially measured at cost, which includes the initial measurement

amount of the lease liability; lease payments made at or before the commencement date, net of any lease incentives received; any initial direct costs incurred; and costs expected to be incurred to dismantle and remove the leased asset, restore the site on which it is located, or restore it to the condition required by the lease terms.

Right-of-use assets are depreciated using the straight-line method. If CNPC can reasonably determine that it will obtain ownership of the leased asset by the end of the lease term, depreciation is provided over the remaining useful life of the leased asset. Otherwise, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

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. If that rate cannot be readily determined, the incremental borrowing rate is used as the discount rate.

(2) CNPC as a lessor

At the commencement date of a lease, CNPC classifies each lease as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the underlying asset, regardless of whether title is ultimately transferred. An operating lease is a lease other than a finance lease.

16. Changes in accounting policies during the reporting period

There were no significant changes in the accounting policies of CNPC during the current period.

B. Main Types of Taxes

1. Corporate income tax

Corporate income tax is calculated based on taxable income at the applicable tax rates of 15% or 25%.

The Ministry of Finance (MOF) and the State Taxation Administration (STA) jointly issued the *Announcement on Further Improving the Pre-tax Super Deduction Policy for R&D Expenses* (STA MOF Announcement [2023] No. 7), which clarifies that, effective from January 1, 2023: for actual R&D expenses incurred by an enterprise in conducting R&D activities that are not capitalized as intangible assets and are recognized in profit or loss for the current period, an additional deduction of 100% of such expenses is allowed before tax, in addition to the deduction already claimed in accordance with relevant

regulations; for R&D expenses that are capitalized as intangible assets, amortization of 200% of the cost of such intangible assets is allowed before tax from January 1, 2023.

According to the *Announcement on Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Self-Employed Individuals* (STA MOF Announcement [2023] No. 12) jointly issued by the MOF and the STA, for the period from January 1, 2023 to December 31, 2027, the policy that a reduced taxable income base of 25% and a corporate income tax rate of 20% apply to micro and small enterprises with modest profits is extended to December 31, 2027.

On April 23, 2020, the MOF, the STA, and the National Development and Reform Commission (NDRC) jointly issued the *Announcement on Continuing the Corporate Income Tax Policy for the Western Development Strategy* (MOF STA NDRC Announcement [2020] No. 23). Pursuant to this announcement, from January 1, 2021 to December 31, 2030, enterprises engaged in encouraged industries located in the western region continue to be subject to a reduced corporate income tax rate of 15%.

Under the *Corporate Income Tax Law of the People's Republic of China*, the *Implementing Regulations thereof*, the *Administrative Measures for the Identification of High and New Technology Enterprises* (G.K.F.H. [2016] No. 32), and the *Guidelines for the Management of the Identification of High and New Technology Enterprises* (G.K.F.H. [2016] No. 195), an identified High and New Technology Enterprise is subject to a reduced corporate income tax rate of 15%. CNPC's subsidiaries that have obtained the High and New Technology Enterprise Certificate are eligible for this preferential tax rate.

According to the *Announcement on Further Improving the Pre-tax Super Deduction Policy for R&D Expenses* (MOF STA Announcement [2023] No. 7) jointly issued by the MOF and the STA, effective from January 1, 2023: for actual R&D expenses incurred by an enterprise in conducting R&D activities that are not capitalized as intangible assets and are recognized in profit or loss for the current period, an additional deduction of 100% of such expenses is allowed before tax, in addition to the deduction already claimed in accordance with relevant regulations; for R&D expenses that are capitalized as intangible assets, amortization of 200% of the cost of such intangible assets is allowed before tax from January 1, 2023.

According to the *Announcement on Tax Incentive Policies for Enterprise Investments in Basic Research* (MOF STA Announcement [2022] No. 32) jointly issued by the MOF and the STA, effective from January 1, 2022, expenses incurred by an enterprise for basic research through contributions to non-profit

scientific research and development institutions, institutions of higher learning, and government-managed natural science funds may be deducted before tax as incurred when calculating taxable income, and are also eligible for an additional 100% deduction before tax. Furthermore, income received from basic research funds by non-profit scientific research institutions and institutions of higher learning from enterprises, individuals, and other organizations is exempt from corporate income tax.

The MOF, STA, NDRC, and the Ministry of Ecology and Environment (MEE) jointly issued the *Announcement on the Corporate Income Tax Policy for Third-Party Enterprises Engaged in Pollution Prevention and Control (MOF STA NDRC MEE Announcement [2023] No. 38)*, which clarifies that, effective from January 1, 2024 to December 31, 2027, qualified third-party enterprises engaged in pollution prevention and control are subject to a reduced corporate income tax rate of 15%.

According to the *Announcement on the Corporate Income Tax Policy for the Digital and Intelligent Transformation of Special Equipment for Energy Conservation, Water Conservation, Environmental Protection, and Work Safety (MOF STA Announcement [2024] No. 9)*, for an enterprise's investments in the digital and intelligent transformation of special equipment incurred between January 1, 2024 and December 31, 2027, the portion of such investments that does not exceed 50% of the original tax base of the special equipment at the time of acquisition may be credited against the enterprise's tax payable for the current year at a rate of 10%. If the enterprise's tax payable for the current year is insufficient to absorb the full credit, the unused portion may be carried forward to future years, but for a maximum period of five years.

CNPC pays taxes in the host countries for its overseas investment projects and subsidiaries in accordance with the relevant contracts and local tax regulations.

2. Value-added tax (VAT)

VAT is calculated on the value added. The VAT payable is calculated as the taxable sales amount multiplied by the applicable tax rate, less the input tax deductible for the current period. The applicable tax rates are 6%, 9%, or 13%.

According to the *Notice on Import Tax Policies for the Exploration, Development, and Utilization of Energy Resources during the 14th Five-Year Plan Period (C.G.S. [2021] No. 17)* jointly issued by the MOF, the General Administration of Customs (GAC), and the STA, for the period from January 1, 2021 to December 31, 2025: a certain proportion of import VAT is refunded on natural gas (including pipeline gas and LNG) imported under cross-border natural gas pipeline projects and LNG receiving, storage,

and transportation facility projects approved for construction by the NDRC, as well as under expansion projects of LNG receiving, storage, and transportation facilities approved by provincial governments; import tariffs are exempted on qualified imported equipment, instruments, spare parts, and special tools for self-operated oil and gas E&P projects in designated onshore areas of China; and import tariffs and import VAT are exempted on qualified imported equipment, instruments, spare parts, and special tools for Sino-foreign cooperative oil and gas E&P projects in onshore blocks approved by the State, oil and gas E&P projects in offshore China, offshore oil and gas pipeline emergency rescue projects, and coalbed methane E&P projects within China.

According to the *Announcement on the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers (MOF STA Announcement [2023] No. 19)*, issued to further support the development of micro and small enterprises and self-employed individuals, the extended VAT reduction and exemption policy for small-scale VAT taxpayers is as follows: small-scale VAT taxpayers with monthly sales of RMB 100,000 or less are exempt from VAT. For small-scale VAT taxpayers, taxable sales revenue otherwise subject to a 3% levy rate is subject to VAT at a reduced levy rate of 1%; and VAT prepayments otherwise subject to a 3% prepayment rate are subject to a reduced prepayment rate of 1%. This policy is effective until December 31, 2027.

According to the *Announcement on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (MOF STA Announcement [2023] No. 43)* jointly issued by the MOF and the STA, and the *Notice on Matters Concerning the Preparation of the List of Advanced Manufacturing Enterprises Eligible for the VAT Additional Deduction Policy for 2024 (G.X.T.L.C.H. [2024] No. 248)* jointly issued by the General Office of the Ministry of Industry and Information Technology, the General Office of the MOF, and the General Office of the STA, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are permitted to claim an additional 5% of the creditable input tax for the current period as a deduction against their VAT payable. Advanced manufacturing enterprises refer to manufacturing general VAT taxpayers that are High and New Technology Enterprises (including their non-legal-person branches). High and New Technology Enterprises refer to enterprises recognized in accordance with the provisions of the *Notice on Revising and Issuing the Administrative Measures for the Identification of High and New Technology Enterprises (G.K.F.H. [2016] No. 32)* jointly issued by the Ministry of Science and Technology, the MOF, and the STA.

Overseas subsidiaries of CNPC are subject to the applicable local tax rates.

3. Surtaxes and surcharges

The urban maintenance and construction tax is calculated at a rate of 1%, 5%, or 7% of the actual VAT and consumption tax paid. The education surcharge is calculated at a rate of 3% of the actual VAT and consumption tax paid.

4. Consumption tax

Consumption tax is calculated based on the sales volume of taxable products. The consumption tax payable is RMB 1.52 per liter for gasoline, naphtha, solvent oils, and lubricants, and RMB 1.20 per liter for diesel and fuel oils.

According to the *Announcement on the Implementation Guidelines for the Consumption Tax Policy on Certain Refined Oil Products* (MOF STA Announcement [2023] No. 11) jointly issued by the MOF and the STA, effective from June 30, 2023: consumption tax is levied on alkylate (isooctane) at the rate applicable to gasoline; consumption tax is levied on petroleum ethers, crude white oil, light white oil, and certain industrial white oils (Nos. 5, 7, 10, 15, 22, 32, and 46) at the rate applicable to solvent oils; consumption tax is levied on mixed aromatics, heavy aromatics, mixed C8, natural gasoline, light oil, and light coal tar at the rate applicable to naphtha; and the suspension of consumption tax on space turpentine remains unchanged, consistent with the treatment of aviation kerosene.

According to the *Notice on Continuing the Exemption of Consumption Tax on Recycled Oil Products from Waste Mineral Oil* (MOF STA Announcement [2023] No. 69) jointly issued by the MOF and the STA, industrial oils such as base oil for lubricants, gasoline, and diesel produced by taxpayers from waste mineral oil are exempt from consumption tax. This policy is effective until December 31, 2027.

According to the *Notice on Further Increasing the Consumption Tax on Refined Oil Products* (C.S. [2015] No. 11) jointly issued by the MOF and the STA, effective from January 13, 2015, the unit consumption tax rate for gasoline, naphtha, solvent oils, and lubricants was increased from RMB 1.4 per liter to RMB 1.52 per liter, and for diesel, aviation kerosene, and fuel oils from RMB 1.1 per liter to RMB 1.2 per liter. The suspension of consumption tax on aviation kerosene remains unchanged.

According to the *Notice on the Exemption of Consumption Tax on Self-produced Oil Consumed in the Production of Refined Oil Products by Refineries* (C.S. [2010] No. 98) jointly issued by the MOF and the STA, effective from January 1, 2009, CNPC is exempt from consumption tax on self-produced refined oil products consumed as fuel, power, or feedstock in the

production of refined oil products.

According to the *Interim Measures for the Refund (Exemption) of Consumption Tax on Naphtha and Fuel Oil Used in the Production of Ethylene and Aromatic Chemical Products* (STA Announcement [2012] No. 36) issued by the STA, CNPC is exempt from consumption tax on self-produced naphtha and fuel oil used for the continuous production of ethylene and aromatic chemical products by enterprises within the Company, as well as on self-produced naphtha and fuel oil sold under the designated direct supply plans for naphtha and fuel oil issued by the STA.

5. Resource tax

Resource tax is calculated based on the sales value of taxable resource products such as crude oil, natural gas, and shale gas, at applicable tax rates ranging from 1% to 6%.

According to the *Resource Tax Law of the People's Republic of China*, crude oil and natural gas used for heating during crude oil extraction and transportation within oilfields are exempt from resource tax. A 20% reduction applies to crude oil and natural gas extracted from low-abundance oil and gas fields; a 30% reduction applies to high-sulfur natural gas, crude oil and natural gas extracted by tertiary recovery methods or from deep-water oil and gas fields; and a 40% reduction applies to heavy oil and high-pour-point oil.

According to the *Notice on Reducing Resource Tax on Shale Gas* (C.S. [2018] No. 26) jointly issued by the MOF and the STA on March 29, 2018, to promote the development and utilization of shale gas and effectively increase natural gas supply, resource tax on shale gas was reduced by 30% (from the prescribed rate of 6%) for the period from April 1, 2018 to March 31, 2021. On March 15, 2021, the MOF and the STA jointly issued the *Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (MOF STA Announcement [2021] No. 6), which extended the implementation period of the preferential tax policies that expired on March 31, 2021 to December 31, 2023. On September 20, 2023, the MOF and the STA issued the *Announcement on the Continued Implementation of the Preferential Policy of Reducing Resource Tax on Shale Gas* (MOF STA Announcement [2023] No. 46), which provides for a continued 30% reduction of resource tax on shale gas (at the prescribed rate of 6%) until December 31, 2027.

6. Special oil gain levy

The special oil gain levy is calculated based on the excess income derived from domestic crude oil sales at prices above a certain level, with applicable rates ranging from 20% to 40%.

According to the *Notice on Raising the Threshold for the Special Oil Gain Levy* (C.S. [2014] No. 115) issued by the MOF, with the approval of the State Council, the MOF resolved to raise the threshold for the special oil gain levy to USD 65 per barrel, effective from January 1, 2015, while maintaining the five-tier progressive ad valorem rates.

7. Proceeds from the Transfer of Mining Rights

Proceeds from the transfer of mining rights consist of the transaction price for exploration rights (mining rights) and the mining rights transfer proceeds collected on an annual basis. The transaction price for exploration rights (mining rights) is recognized and collected at the time of transfer. The mining rights transfer proceeds collected annually are calculated and paid based on the annual sales revenue of mineral products, at applicable levy rates ranging from 0.3% to 0.8%.

According to the *Notice on Issuing the Measures for the*

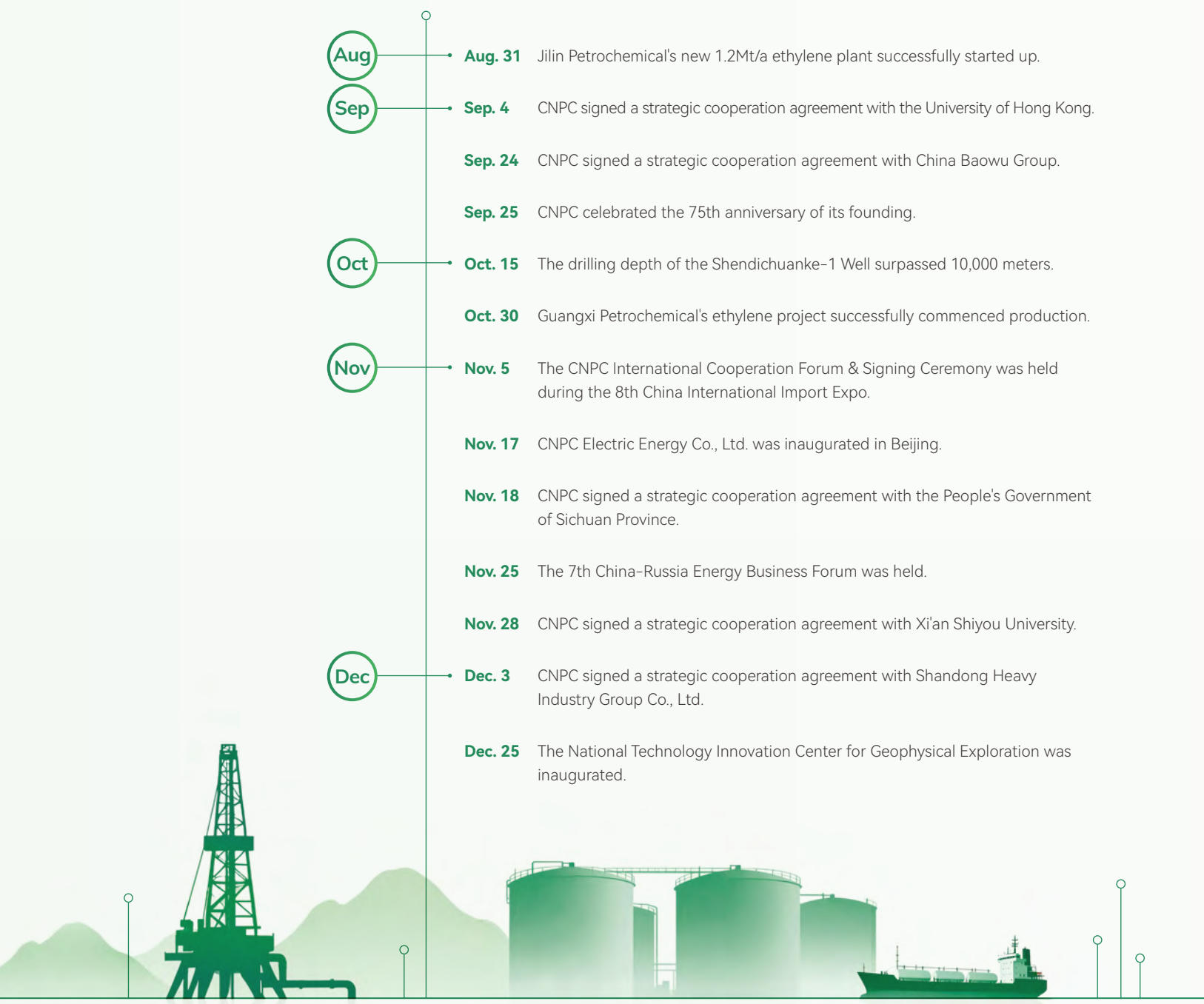
Collection of Proceeds from the Transfer of Mining Rights (Cai Zong [2023] No. 10) jointly issued by the MOF, the Ministry of Natural Resources (MNR), and the STA, the proceeds from the transfer of mining rights = the transaction price for exploration rights (mining rights) + the mining rights transfer proceeds collected on an annual basis. The transaction price for exploration rights (mining rights) is determined primarily based on the area of the mining rights, taking into account factors such as mineralization conditions, the level of exploration, changes in the mining rights market, and market competition, and is collected at the time of the transfer of the exploration rights (mining rights). The mining rights transfer proceeds collected on an annual basis = annual sales revenue of mineral products × the transfer levy rate of mining rights. The transfer levy rate is 0.8% for onshore mining rights for oil, natural gas, shale gas, and natural gas hydrates; 0.6% for offshore mining rights; and 0.3% for mining rights for coalbed methane.



Major Events

- Jan**
 - Jan. 5** The drilling of Shenditake-1 Well was completed at a depth of 10,910 meters.
- Mar**
 - Mar. 14** CNPC signed a strategic cooperation agreement with the People's Government of Shanxi Province.
- Apr**
 - Apr. 18** CNPC signed on as the official sponsor of oil, gas and clean energies for the 12th World Games in 2025.
- May**
 - May 10** According to the 2025 China Brand Value Press Conference, CNPC's brand value exceeded RMB 400 billion, ranking first in China for the first time.
 - May 13** CNPC signed a strategic cooperation agreement with CITIC Group Corporation.
 - May 28** CNPC released the 300-billion-parameter Kunlun Large Model.
- Jun**
 - Jun. 16** CNPC signed energy cooperation agreements with Kazakhstan.
 - Jun. 17** CNPC partnered with Chevron in winning the bids for nine exploration blocks in the Foz do Amazonas Basin in Brazil.
 - Jun. 30** CNPC signed a strategic cooperation agreement with China Post Group.
- Jul**
 - Jul. 11** MatriX Innovation GmbH was inaugurated in Beijing and Munich, Germany.
 - Jul. 14** CNPC co-hosted the 12th World Congress of Chemical Engineering and the 21st Asian Pacific Confederation of Chemical Engineering Congress.
 - Jul. 22** China Fusion Energy Co., Ltd., in which CNPC holds a minority stake, was established in Shanghai.



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- Aug** • **Aug. 31** Jilin Petrochemical's new 1.2Mt/a ethylene plant successfully started up.
- Sep** • **Sep. 4** CNPC signed a strategic cooperation agreement with the University of Hong Kong.
- Sep. 24** CNPC signed a strategic cooperation agreement with China Baowu Group.
- Sep. 25** CNPC celebrated the 75th anniversary of its founding.
- Oct** • **Oct. 15** The drilling depth of the Shendichuanke-1 Well surpassed 10,000 meters.
- Oct. 30** Guangxi Petrochemical's ethylene project successfully commenced production.
- Nov** • **Nov. 5** The CNPC International Cooperation Forum & Signing Ceremony was held during the 8th China International Import Expo.
- Nov. 17** CNPC Electric Energy Co., Ltd. was inaugurated in Beijing.
- Nov. 18** CNPC signed a strategic cooperation agreement with the People's Government of Sichuan Province.
- Nov. 25** The 7th China-Russia Energy Business Forum was held.
- Nov. 28** CNPC signed a strategic cooperation agreement with Xi'an Shiyou University.
- Dec** • **Dec. 3** CNPC signed a strategic cooperation agreement with Shandong Heavy Industry Group Co., Ltd.
- Dec. 25** The National Technology Innovation Center for Geophysical Exploration was inaugurated.

Glossary

Proven Reserves

According to National Standards of China, proven reserves are estimated quantities of mineral deposits. They can be recovered from reservoirs proved by appraisal drilling during the period of reservoir evaluation, with a reasonable certainty or a relative difference of no more than $\pm 20\%$.

Oil Equivalent

Oil equivalent is the conversion coefficient by which the output of natural gas is converted to that of crude oil by calorific value. In this report, the coefficient is 1,255, i.e. 1,255 cubic meters of natural gas is equivalent to one metric ton of crude oil.

Recovery Rate

The percentage of oil/gas in place that is recoverable from underground.

Decline Rate

A decline in production occurs in an oil or gas field that has been producing for a certain period of time. The natural decline rate is defined as the negative relative change of production over a period of time, without taking into account an increase in production resulting from EOR (enhanced oil recovery) techniques. The general decline rate is defined as the rate of decline in the actual production of such an oil or gas field, taking into account an increase in production from the new wells and EOR techniques.

Water Injection

The pressure of the reservoirs continues to drop after the oilfield has been producing for a certain period of time. Water injection refers to the method where water is injected back into the reservoir through the water injection wells to raise and maintain the pressure, increase oil recovery, and thereby stimulate production.

Tertiary Recovery

Tertiary recovery is also called enhanced oil recovery and is abbreviated as EOR. It is a method to increase the recovery of crude oil by injecting fluid or heat to physically or chemically alter the oil viscosity or the interfacial tension between the oil and another medium in the formation, in order to displace any discontinuous or hard-to-tap oil in reservoirs. EOR methods mainly include thermal recovery, chemical flooding and miscible flooding.

ASP Flooding

A flooding system is prepared with alkali, surfactant and polymer. It not only has a high viscosity but also can create ultra-low water-oil interfacial tension to improve the oil washing capability.

Liquid Natural Gas (LNG)

Liquid Natural Gas is produced by dewatering, deacidifying, dehydrating and fractionating the natural gas produced from a gas field and then turning it into liquid under low temperatures and high pressure.

Horizontal Well

A class of directional wells where the wellbore axis is near horizontal, or more or less 90 degrees deviation. A horizontal well may produce at rates greater than a vertical well, enhance recovery efficiency and prolong the production cycle. Meanwhile, the environmental costs or land use problems can be reduced by the use of horizontal wells.

HSE Management System

The HSE management system provides a framework for managing all aspects of health, safety and the environment. It is defined by the organizational structure, responsibilities, practices, procedures, processes and resources for implementing health, safety and environmental management.

Occupational Diseases

A disease or ailment caused due to excessive exposure to dust, radioactive substances, and other toxic and harmful substances in a working environment.

Internet +

China's "Internet+" action plan refers to the application of the internet and other types of information technology in conventional industries. It is an incomplete equation where various internets can be added to other fields, fostering new industries and business development in China.

Volatile Organic Compounds (VOCs)

In accordance with the *Guidelines for Identification of VOC Sources in Petrochemical Industry* (HB [2015] No.104) and other national standards of China, volatile organic compound means any organic compound participating in atmospheric photochemical reactions or any organic compound measured or determined according to the prescribed methods.

Carbon Capture, Utilization and Storage (CCUS)

CCUS is a process of separating carbon dioxide (CO₂) from emission sources of industry or related energy sectors and having it sequestered in geological structures or utilized to prevent CO₂ from being released into the atmosphere. It is a technical system aimed at reducing man-made carbon dioxide emissions.

About this Report

In this report, the expressions "CNPC", "the Corporation", "the Company" and "we" are used for convenience where references are made to China National Petroleum Corporation. This report is presented in Chinese and English. In case of any divergence of interpretation, the Chinese text shall prevail.

Recycled/recyclable paper is used for this report.



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**Pursuing green development and providing reliable energy supply
to fuel our customers' growth and power people's happy life**

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