2016 INTERIM REPORT

PETROCHINA COMPANY LIMITED

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

2016 INTERIM REPORT

PETROCHINA COMPANY LIMITED

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

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2016 INTERIM REPORT

IMPORTANT NOTICE

The Board of Directors (the "Board") of PetroChina Company Limited (the "Company"), the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no material omissions, misrepresentation or misleading statements contained in this interim report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein. No substantial shareholder of the Company has obtained any funds from the Company from non-operating activities. This interim report was approved at the fifth meeting of the Board in 2016. Mr Shen Diancheng, a non-executive Director of the Company, Mr Xu Wenrong, a non-executive Director of the Company, and Mr Liu Hongbin, an executive Director of the Company, were absent from the fifth meeting of the Board in 2016 but had separately authorised Mr Zhao Zhengzhang, an executive Director of the Company, Mr Liu Yuezhen, a non-executive Director of the Company, and Mr Yu Baocai, a non-executive Director of the Company, in writing to attend the meeting by proxy and to exercise their voting rights on their behalf. Mr Wang Yilin, Chairman of the Board, Mr Wang Dongjin, Vice Chairman and President, and Mr Zhao Dong, Chief Financial Officer, warrant the truthfulness, accuracy and completeness of the financial statements included in this interim report.

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

The Board was authorised by the shareholders to approve the distribution of an interim dividend for 2016 at the annual general meeting of the Company on May 25, 2016. In order to improve returns to shareholders, the Board has resolved to declare a special interim dividend of RMB0.02 per share for 2016 in addition to the dividend distribution of 45% of profit attributable to owners of the Company under IFRS, namely, to declare and pay to all shareholders of the Company an interim dividend of RMB0.02131 per share (inclusive of applicable tax) in cash for the six months ended June 30, 2016 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2016. The total amount of the interim dividend payable is RMB3,899 million.

CORPORATE PROFILE

The Company was established as a joint stock company with limited liability under the Company Law of the People's Republic of China (the "PRC" or "China") on November 5, 1999 as part of the restructuring of the China National Petroleum Corporation ("CNPC").

The Group is the largest oil and gas producer and seller in the PRC, where it occupies a leading position in the oil and gas industry, one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world. The Group is primarily engaged in activities including: the exploration, development, production and marketing of crude oil and natural gas; the refining of crude oil and petroleum products; the production and marketing of primary and derivative petrochemical products and other chemical products; the marketing and trading of refined products; the transmission of natural gas, crude oil and refined products; and the marketing of natural gas.

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

Registered Chinese Name of the Company:	中國石油天然氣股份有限公司
English Name of the Company:	PetroChina Company Limited
Legal Representative of the Company:	Wang Yilin
Secretary to the Board:	Wu Enlai
Joint Company Secretary:	Mao Zefeng
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	86 (10) 5998 6270
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Representative on Securities Matters:	Liang Gang
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Chief Representative of the Hong Kong Representative Office:	Wei Fang
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Telephone:	(852) 2899 2010
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Legal Address of the Company:	World Tower,16 Andelu Dongcheng District Beijing, PRC
Postal Code:	100011
Office Address of the Company:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Postal Code:	100007
Website:	http://www.petrochina.com.cn
Company's Email Address:	jh_dong@petrochina.com.cn

Newspapers for information disclosure:
A shares: China Securities Journal, Shanghai Securities News and Securities Times

Website publishing this interim report designated by the China Securities Regulatory Commission:
http://www.sse.com.cn

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

Places of Listing:

A shares:	Shanghai Stock Exchange
Stock Name:	中國石油
Stock Code:	601857
H shares:	Hong Kong Stock Exchange
Stock Name:	PetroChina
Stock Code:	857

ADSs:	The New York Stock Exchange
Symbol:	PTR
Other Related Information:	
Company Registration:	May 17, 2016
Registration Authority:	Beijing Administration for Industry and Commerce
Index for Registration Enquiry:	Website of State Administration for Industry and Commerce (http://www.saic.gov.cn)
Unified Social Credit Code:	91110000710925462X
Auditors of the Company:	
Domestic Auditors:	
Name:	KPMG Huazhen LLP
Address:	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
Overseas Auditors:	
Name:	KPMG Certified Public Accountants
Address:	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

1. Key Financial Data and Financial Indicators Prepared under IFRS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,418,243	2,393,844	1.0
Equity attributable to owners of the Company	1,182,419	1,179,716	0.2
Items	**The reporting period**	**Same period of the preceding year**	**Changes over the same period of the preceding year (%)**
Revenue	739,067	877,624	(15.8)
Profit attributable to owners of the Company	531	25,406	(97.9)
Net cash flows from operating activities	111,842	110,936	0.8
Basic earnings per share (RMB yuan)	0.003	0.139	(97.9)
Diluted earnings per share (RMB yuan)	0.003	0.139	(97.9)
Return on net assets (%)	0.04	2.15	(2.11) percentage point

2. Key Financial Data and Financial Indicators Prepared under CAS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,418,492	2,394,094	1.0
Equity attributable to equity holders of the Company	1,182,668	1,179,968	0.2

Items	The reporting period	Same period of the preceding year	Changes over the same period of the preceding year (%)
Operating income	739,067	877,624	(15.8)
Net profit attributable to equity holders of the Company	528	25,404	(97.9)
Net (loss)/profit after deducting non-recurring profit/loss items attributable to equity holders of the Company	(9,491)	25,848	-
Basic earnings per share (RMB yuan)	0.003	0.139	(97.9)
Diluted earnings per share (RMB yuan)	0.003	0.139	(97.9)
Weighted average return on net assets (%)	0.04	2.14	(2.10) percentage point
Net cash flows from operating activities	111,842	110,936	0.8

3. Non-recurring Profit/Loss Items

Unit: RMB million

Non-recurring profit/loss items	For the six months ended June 30, 2016 profit / (loss)
Net loss on disposal of non-current assets	(898)
Government grants recognised in the income statement	1,955
Net gain on disposal of available-for-sale financial assets	36
Reversal of provisions for bad debts against receivables	10
Gain on disposal of investment in subsidiaries	24,534
Other non-operating income and expenses	(1,614)
Sub-total	24,023
Tax impact of non-recurring profit/loss items	(3,302)
Impact of non-controlling interests	(10,702)
Total	10,019

4. Differences between CAS and IFRS

The consolidated net profit of the Group for the six months under IFRS and CAS were RMB16,905 million and RMB16,901 million, respectively, with a difference of RMB4 million. The consolidated shareholders' equity as at the end of the six months under IFRS and CAS were RMB1,361,851 million and RMB1,362,102 million, respectively, with a difference of RMB251 million. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties in 1999.

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

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

1. Changes in Shareholdings

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

2. Shareholdings of Substantial Shareholders

The total number of shareholders of the Company as at June 30, 2016 was 611,028, including 603,718 holders of A shares and 7,310 holders of H shares (including 238 holders of ADSs).

(1) Shareholdings of the top ten shareholders

Unit: Shares

Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding (%)	Increase / decrease during the reporting period (+,-)	Number of shares with selling restrictions	Number of shares pledged or subject to lock-ups
CNPC	State-owned	158,033,693,528[1]	86.35	0	0	0
HKSCC Nominees Limited[2]	Overseas legal person	20,851,108,557[3]	11.39	2,430,950	0	0
China Securities Finance Corporation Limited	State-owned legal person	1,129,391,498	0.617	119,639,001	0	0
Central Huijin Asset Management Co., Ltd.	State-owned legal person	206,109,200	0.113	0	0	0
Hong Kong Securities Clearing Company Limited[4]	Overseas legal person	35,890,674	0.020	19,545,615	0	0
Industrial and Commercial Bank of China - Shanghai 50 Index ETF Securities Investment Fund	Other	35,501,203	0.019	91,275	0	0
China Construction Bank Corporation -Shanghai 180 Index ETF Securities Investment Fund	Other	13,490,056	0.007	-303,100	0	0
Quanzheng (Shanghai) Investment Management Center (LP) - Quanzheng No. 1 Fund	Other	12,515,328	0.007	0	0	0
Li Guoyuan	Domestic Natural Person	12,146,592	0.007	12,146,592	0	0
Industrial and Commercial Bank of China - Huatai Borui Shanghai - Shenzhen 300 Index ETF Securities Investment Fund	Other	11,904,096	0.007	1,039,596	0	0

Notes:

(1) Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. On July 13, 2016, the State-owned Assets Supervision and Administration Commission of the State Council approved the gratuitous transfer of 624,000,000 A shares of the Company, representing 0.34% of the total issued shares of the Company, from CNPC to Baosteel Group Corporation (the "Baosteel Group") and the registration procedures for this gratuitous share transfer have been completed as at the date of this report. After the gratuitous transfer, CNPC holds 157,409,693,528 A shares of the Company, representing 86.01% of the total issued shares of the Company; Baosteel Group holds 624,000,000 A shares of the Company, representing 0.34% of the total issued shares of the Company. The details are set out in the announcements posted by the Company on the website of Shanghai Stock Exchange (No. Lin 2016-029, Lin 2016-033 and Lin 2016-035).

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

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

(4) Hong Kong Securities Clearing Company Limited is a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited and it holds the A shares of the Company listed on the Shanghai Stock Exchange and invested by investors through the Hong Kong Stock Exchange as a nominal holder.

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

Unit: Shares

Ranking	Name of shareholders	Number of shares held	Type of shares
1	CNPC	158,033,693,528[1]	A shares
2	HKSCC Nominees Limited	20,851,108,557	H shares
3	China Securities Finance Corporation Limited	1,129,391,498	A shares
4	Central Huijin Asset Management Co., Ltd.	206,109,200	A shares
5	Hong Kong Securities Clearing Company Limited	35,890,674	A shares
6	Industrial and Commercial Bank of China - Shanghai 50 Index ETF Securities Investment Fund	35,501,203	A shares
7	China Construction Bank Corporation - Shanghai 180 Index ETF Securities Investment Fund	13,490,056	A shares
8	Quanzheng (Shanghai) Investment Management Center (LP) - Quanzheng No. 1 Fund	12,515,328	A shares
9	Li Guoyuan	12,146,592	A shares
10	Industrial and Commercial Bank of China - Huatai Borui Shanghai - Shenzhen 300 Index ETF Securities Investment Fund	11,904,096	A shares

Note:

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

Statement on connected parties or parties acting in concert among the above-mentioned shareholders: Except for HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited that are both wholly-owned subsidiaries of the Hong Kong Exchanges and Clearing Limited, China Securities Finance Corporation Limited and Central Huijin Asset Management Co., Ltd. that are holders of ordinary shares of Industrial and Commercial Bank of China Limited and China Construction Bank Corporation, and "Industrial and Commercial Bank of China - Shanghai 50 Index ETF Securities Investment Fund" and "Industrial and Commercial Bank of China - Huatai Borui Shanghai - Shenzhen 300 Index ETF Securities Investment Fund" that are both held in escrow by Industrial and Commercial Bank of China Limited, the Company is not aware of any connection among or between the above top ten shareholders or that they are parties acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.

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

As at June 30, 2016, so far as the Directors are aware, the persons other than a Director, Supervisor or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance were as follows:

Name of shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
CNPC	A Shares	158,033,693,528 (L)	Beneficial Owner	97.60	86.35
	H Shares	291,518,000 (L)[1]	Interest of Corporation Controlled by the Substantial Shareholder	1.38	0.16
BlackRock, Inc. [2]	H Shares	1,230,112,665 (L)	Interest of Corporation Controlled by the Substantial Shareholder	5.83	0.67
		15,932,000 (S)		0.08	0.01
JPMorgan Chase & Co. [3]	H Shares	1,373,371,325 (L)	Beneficial Owner / Investment Manager / Custodian Corporation / Approved Lending Agent / Trustee (other than Bare Trustee)	6.50	0.75
		135,456,704 (S)	Beneficial Owner	0.64	0.07
		817,465,458 (LP)	Custodian Corporation / Approved Lending Agent	3.87	0.45

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

Notes:

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

(2) BlackRock, Inc., through various subsidiaries, had an interest in the H shares of the Company, of which 1,230,112,665 H shares (long position) and 15,932,000 H shares (short position) were held in the capacity as a corporation controlled by the substantial shareholder.

(3) JPMorgan Chase & Co., through various subsidiaries, had an interest in the H shares of the Company, of which 554,929,767 H shares (long position) and 135,456,704 H shares (short position) were held in its capacity as beneficial owner; 951,000 H shares (long position) were held in its capacity as investment manager; 817,465,458 H shares (long position) were held in its capacity as custodian corporation/approved lending agent and 25,100 H shares (long position) were held in its capacity as trustee (other than bare trustee). Such 1,373,371,325 H shares (long position) included the interests held in its capacity as beneficial owner, investment manager and custodian corporation / approved lending agent and trustee (other than bare trustee).

As at June 30, 2016, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

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

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

DIRECTORS' REPORT

The Board of the Company is pleased to present the Directors' report.

1. Review of Operating Results

In the first half of 2016, there were increasingly uncertain risks in international politics and economy and the pace of economic recovery continued to slow down. Generally speaking, the economy of China operated steadily but was still faced with downward pressure. The international oil prices stayed at low levels with weak demand and fierce competition existed in the oil and gas markets. Facing the complicated and severe situation of development, the Group pursued to its guidelines of steady development, adhered to reform and innovation as driving forces, and optimised production and operation based on the principle of improving quality and efficiency. The Group strengthened the balance among production, refining, transportation, sales, storage and trade and pushed forward a series of measures including broadening source of income, reducing costs and improving efficiency. As a result, the Group achieved stable, safe and controllable production and operation, and the operating results got better month by month and generally met the expectations.

(1) Market Review

- Crude Oil Market

In the first half of 2016, the supply in the international's oil market was sufficient in general. Due to the combined effects of the slow recovery of global economy and geopolitical factors, the international crude oil prices reached the bottom and began to move up in an unsteady way. The price spread between West Texas Intermediate ("WTI") crude oil and other benchmark oil prices continued to become narrower. The average price for North Sea Brent crude oil and WTI crude oil was US$39.81 per barrel and US$39.64 per barrel, respectively, representing a decrease of 31.2% and 25.6% as compared with the same period in 2015, respectively.

According to data from the National Development and Reform Commission ("NDRC"), the domestic output of crude oil in the first half of 2016 was 100.45 million tons, representing a decrease of 4.8% as compared with the same period in 2015.

- Refined Products Market

In the first half of 2016, the domestic market demand for refined products was relatively stable and the supply continued to be excessive, with a loose supply and demand balance and a significant increase in the exportation of refined products. According to NDRC data, in the first half of 2016, the quantity of processed crude oil amounted to 256.38 million tons, representing an increase of 8.9% as compared with the same period in 2015, and the output of refined products amounted to 159.10 million tons, representing an increase of 7.1% as compared with the same period in 2015. The consumption of refined products amounted to 141.41 million tons, representing an increase of 4.4% as compared with the same period in 2015, among which, the consumption of gasoline increased by 13.7% and the consumption of diesel dropped by 3.1%. According to the statistical data of the General Administration of Customs of the People's Republic of China, in the first half of 2016, the quantity of exported gasoline was 4.45 million tons, representing an increase of 74.7% as compared with the same period in 2015; and the quantity of exported diesel was 6.59 million tons, representing an increase of 234.1% as compared with the same period in 2015. In the first half of 2016, the PRC government made four upward adjustments and one downward adjustment to the prices of domestic gasoline and diesel products, and the prices of reference gasoline and diesel products increased, in aggregate, by RMB465 yuan per ton and RMB450 yuan per ton, respectively. The price trend of domestic refined products was broadly in line with that of oil prices in the international markets.

- Chemical Products Market

In the first half of 2016, as a result of the fluctuation of international crude oil prices, the changes in market demand and the scheduling of concentrated overhauls of domestic chemical facilities, the prices of chemical products showed a tendency to move up in an unsteady way, accompanied by gradually increasing activities in the market. The pressure between demand and supply was further released. Due to the fact that the crude oil prices stayed at low levels, the petrochemical industry gained more competing advantages and began to make profits with better prospects.

- Natural Gas Market

In the first half of 2016, the domestic demand for natural gas kept increasing relatively fast in general despite a significant seasonal variance. The domestic output of natural gas increased at a steady but slower pace and the import of natural gas grew fast. According to NDRC data, in the first half of 2016, the domestic apparent consumption of natural gas was 99.5 billion cubic metres, representing an increase of 9.8% as compared with the same period in 2015, the domestic natural gas output was 67.5 billion cubic metres, representing an increase of 2.9% as compared with the same period in 2015, and the imports of natural gas amounted to 35.6 billion cubic metres, representing an increase of 21.2% as compared with the same period in 2015.

(2) Business Review

- Exploration and Production

Domestic Exploration Operations

In the first half of 2016, in respect of the exploration operations, the Group strengthened comprehensive geological study, optimised schemes and deployment, and focused on key basins and large-scale and effective reserves. In terms of oil exploration, large-scale reserves at the levels of hundred million tons or ten million tons were found at Tarim, Junggar, Qaidam and other basin regions. In terms of natural gas exploration, a number of large-scale reserves at the levels of hundred billion cubic metres were found in Tarim Basin and other regions. Steady progress was also made in the exploration of unconventional oil and gas resources.

Domestic Development and Production Operations

In the first half of 2016, in its development of oil and gas fields, the Group put emphasis on the principle of profitability and planned its crude oil production based on the trends of international oil prices and profitability estimates. The Group adjusted its production plan in a timely manner and optimised the structures of production and output. It organised its gas production in a scientific way based on market demands, capacity and profitability and strengthened the operation management of major hub gas regions and key gas fields. The development of such unconventional gas resources as shale gas and coal bed gas was pushed forward at a steady pace. The Neijiang-Dazu shale gas project in Sichuan undertaken in cooperation with BP progressed smoothly. In the first half of 2016, the crude oil output from domestic operations amounted to 385.3 million barrels, representing a decrease of 4.2% as compared with the same period in 2015, and the marketable natural gas output from

domestic operations amounted to 1,528.4 billion cubic feet, representing an increase of 5.7% as compared with the same period in 2015. The oil and natural gas equivalent output from domestic operations amounted to 640.1 million barrels, representing a decrease of 0.5% as compared with the same period in 2015.

Overseas Oil and Gas Operations

In the first half of 2016, leveraging on China's "the Belt and Road" initiative, the Group made new progress in cooperative oil and gas projects in Central Asia, Middle East and other regions. Aiming to discover quality reserves that are quickly recoverable and focusing on profitable exploration with effective control over the pace of exploration, the Group made new break-through progress in a couple of regions. The Group insisted on making dynamic adjustment to output, intensified meticulous management, and further optimised output in blocks using marginal utility method. In the first half of 2016, the oil and natural gas equivalent output from overseas operations amounted to 108.1 million barrels, representing an increase of 16.5% as compared with the same period in 2015 and accounting for 14.4% of the total oil and natural gas equivalent output of the Group.

In the first half of 2016, the Group recorded a crude oil output of 470.6 million barrels, representing a decrease of 1.4% as compared with the same period in 2015, a marketable natural gas output of 1,664.9 billion cubic feet, representing an increase of 7.4% as compared with the same period in 2015, and an oil and natural gas equivalent output of 748.2 million barrels, representing an increase of 1.7% as compared with the same period in 2015.

Summary of Operations of the Exploration and Production Segment

	Unit	First half of 2016	First half of 2015	Changes (%)
Crude oil output	Million barrels	470.6	477.5	(1.4)
Of which: Domestic	Million barrels	385.3	402.1	(4.2)
Overseas	Million barrels	85.3	75.4	13.1
Marketable natural gas output	Billion cubic feet	1,664.9	1,549.6	7.4
Of which: Domestic	Billion cubic feet	1,528.4	1,445.7	5.7
Overseas	Billion cubic feet	136.5	103.9	31.4
Oil and natural gas equivalent output	Million barrels	748.2	735.9	1.7
Of which: Domestic	Million barrels	640.1	643.1	(0.5)
Overseas	Million barrels	108.1	92.8	16.5

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

- Refining and Chemicals

In the first half of 2016, for its refining and chemical operations, the Group made an overall planning with regard to its returns, markets and resources, and optimised the structure of products by various methods, including reducing the diesel-gasoline ratio from 1.75 for same period in 2015 to 1.42, increasing chemical production workload, and speeding up the research, development, production and sales of new products. The Group optimised its allocation of resources and product logistics. The output of chemical products increased by 13.4% as compared with the same period in 2015. It achieved safe and steady operation by organising the overhaul of facilities in an orderly way. In the first half of 2016, the Group processed 483.4 million barrels of crude oil, representing a decrease of 2.5% as compared with the same period in 2015, and produced 43.436 million tons of refined oil products, representing a decrease of 6.5% as compared with the same period in 2015.

In the first half of 2016, the Group pushed forward the implementation of the quality upgrading project of the national standard V gasoline and diesel as planned. The main facilities of Yunnan Petrochemical entered the stage of trail run.

Summary of Operations of the Refining and Chemicals Segment

	Unit	First half of 2016	First half of 2015	Changes (%)
Processed crude oil	Million barrels	483.4	495.7	(2.5)
Gasoline, kerosene and diesel output	'000 ton	43,436	46,475	(6.5)
Of which: Gasoline	'000 ton	16,774	15,964	5.1
Kerosene	'000 ton	2,920	2,585	13.0
Diesel	'000 ton	23,742	27,926	(15.0)
Refining yield	%	93.7	93.9	(0.2) percentage point
Ethylene	'000 ton	2,815	2,229	26.3
Synthetic resin	'000 ton	4,652	3,731	24.7
Synthetic fibre raw materials and polymers	'000 ton	735	648	13.4
Synthetic rubber	'000 ton	385	320	20.3
Urea	'000 ton	1,189	1,206	(1.4)

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

- Marketing

Domestic Operations

In the first half of 2016, despite the adverse condition of the slowdown in the growth of demand for refined oil, in its marketing operations, the Group had a correct understanding of the market trends, strengthened the links between production, transportation and sales, optimised resources allocation and logistics, and expanded quality marketing channels by various means. The Group also kept enhancing its capability of terminal sale and intensified the integrated marketing of refined products, fuel cards, non-oil business and lubricants, pushed forward strategic cooperation with enterprises in various industries, accelerated cross-over marketing and on-line marketing, and made marketing innovations.

International Trading Operations

In the first half of 2016, in its international trading operations, the Group focused on synergy and leveraged the advantages of overseas oil and gas operation centres, vigorously explored high-end and high-profitability markets, and strived to enhance operating quality.

The Group sold a total of 76.31 million tons of gasoline, kerosene and diesel in the first half of 2016, representing a decrease of 1.9% as compared with the same period in 2015.

- Natural Gas and Pipeline

In the first half of 2016, with respect to its natural gas business, the Group took active measures against quick changes in the market, coordinated the utilisation of its

peak-shaving capabilities, optimised plans for domestic gas and imported gas resources, and kept the general balance among production, transportation, sales and storage. The Group reinforced its sales of natural gas, actively developed high-profitability markets and adopted flexible marketing strategies towards high-end markets and customers, leading to increased sales and stable returns.

In the first half of 2016, the construction of key projects steadily progressed. The Guigang-Yulin and Jintan-Liyang gas transmission pipeline projects and other projects were completed and put into operation. The construction of the East Section of the Third West-East Gas Pipeline was basically completed and some other projects like Yunnan refined products pipeline progressed as planned.

2. Management Discussion and Analysis

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

- Consolidated Operating Results

In the first half of 2016, the Group achieved a revenue of RMB739,067 million, representing a decrease of 15.8% as compared with the same period in 2015. Profit attributable to owners of the Company was RMB531 million, representing a decrease of 97.9% as compared with the same period in 2015. Basic earnings per share were RMB0.003, representing a decrease of RMB0.136 as compared with the same period in 2015.

Revenue Revenue decreased by 15.8% to RMB739,067 million for the first half of 2016 from RMB877,624 million for the first half of 2015. This was primarily due to the combined impact of the decrease in the prices of crude oil, natural gas, refined products and other main products and the increase in the sales volume of crude oil, natural gas and other products. The table below sets out the external sales volume and average realised prices of the major products sold by the Group in the first half of 2016 and 2015 and their respective percentages of change during these periods:

	Sales Volume ('000 ton)			Average Realised Price (RMB/ton)		
	First half of 2016	First half of 2015	Percentage of change (%)	First half of 2016	First half of 2015	Percentage of change (%)
Crude oil*	53,260	48,645	9.5	1,696	2,478	(31.6)
Natural gas (100 million cubic metres, RMB/'000 cubic metres)	862.59	764.17	12.9	1,119	1,390	(19.5)
Gasoline	30,468	30,256	0.7	5,564	6,188	(10.1)
Diesel	38,026	39,733	(4.3)	3,886	4,861	(20.1)
Kerosene	7,816	7,826	(0.1)	2,553	3,493	(26.9)
Heavy oil	8,807	8,591	2.5	1,665	2,566	(35.1)
Polyethylene	2,382	1,926	23.7	7,699	8,527	(9.7)
Lubricant	574	662	(13.3)	7,562	8,182	(7.6)

* The crude oil listed above represents all the external sales volume of crude oil of the Group.

Operating Expenses Operating expenses decreased by 15.2% to RMB704,527 million for the first half of 2016 from RMB830,509 million for the first half of 2015, of which:

Purchases, Services and Other Purchases, services and other decreased by 19.0% to RMB427,934 million for the first half of 2016 from RMB528,022 million for the first half of 2015. This was primarily due to (i) decreases in purchase costs as a result of oil and gas price drop, and (ii) decreases in certain purchase costs as a result of optimised production and operation.

Employee Compensation Costs Employee compensation costs for the first half of 2016 were RMB56,846 million, representing a decrease of 0.8% from RMB57,290 million for the first half of 2015, among which the employee compensation in cash decreased 1.8% as compared with the first half of 2015. This was primarily due to the fact that the Group kept improving its performance-based compensation system, strictly controlled the total number of employees and strengthened its control of labour costs.

Exploration Expenses Exploration expenses decreased by 27.2% to RMB9,021 million for the first half of 2016 from RMB12,399 million for the first half of 2015. This was primarily due to the fact that the Group optimised its exploration deployment, kept exploration at a reasonable pace, invested more resources into exploration in the oil and gas blocks with good returns, and cut down exploration costs for blocks with negative or low returns.

Depreciation, Depletion and Amortisation Depreciation, depletion and amortisation increased by 15.3% to RMB105,985 million for the first half of 2016 from RMB91,883 million for the first half of 2015. This was primarily due to the decrease in the proven developed reserves and the increase in depletion rate as a result of the drop of oil and gas prices, which caused an increase in the depletion of oil and gas assets accordingly.

Selling, General and Administrative Expenses Selling, general and administrative expenses decreased by 6.0% to RMB35,230 million for the first half of 2016 from RMB37,492 million for the first half of 2015. This was primarily due to the fact that the Group actively implemented such measures as increasing sources of income and reducing expense, cutting costs and improving efficiency, and strengthening its control of costs and expense.

Taxes other than Income Taxes Taxes other than income taxes decreased by 10.0% to RMB94,781 million for the first half of 2016 from RMB105,282 million for the first half of 2015, of which the consumption tax decreased by RMB4,987 million from RMB76,165million for the first half of 2015 to RMB71,178 million for the first half of 2016 and the resource tax decreased by RMB3,029 million from RMB9,716 million for the first half of 2015 to RMB6,687 million for the first half of 2016.

Other Income, Net Other income, net, increased by RMB23,411 million to RMB25,270 million for the first half of 2016 from RMB1,859 million for the first half of 2015. This was primarily due to a gain of RMB24,534 million derived from the gain on disposal of certain investment in Trans-Asia Gas Pipeline Co., Ltd. ("Trans-Asia Pipeline Company").

Profit from Operations Profit from operations was RMB34,540 million for the first half of 2016, representing a decrease of 26.7% from RMB47,115 million for the first half of 2015.

Net Exchange Gain/(Loss) Net exchange gain of the Group for the first half of 2016 was RMB537 million while net exchange loss for the first half of 2015 was RMB267 million. This was mainly due to the appreciation of US dollar and Kazakhstan Tenge against Renminbi as compared with the same period in 2015.

Net Interest Expense Net interest expense decreased by 4.4% to RMB11,173 million for the first half of 2016 from RMB11,690 million for the first half of 2015. The decrease was mainly due to the significant decrease in interest expense as a result of the drop in interest rates for deposits and loans as compared with the first half of 2015.

Profit before Income Tax Expense Profit before income tax expense was RMB26,600 million for the first half of 2016, representing a decrease of 30.8% from RMB38,437 million for the first half of 2015.

Income Tax Expense Income tax expense decreased by 1.5% to RMB9,695 million for the first half of 2016 from RMB9,846 million for the first half of 2015. This was primarily due to the combined effects of the drop in oil prices, the decrease in the taxable income of the Company and the increase in income tax expense resulting from the increase in profits of certain subsidiaries.

Profit for the period Profit amounted to RMB16,905 million for the first half of 2016, representing a decrease of 40.9% from RMB28,591 million for the first half of 2015.

Profit attributable to non-controlling interests Profit attributable to non-controlling interests was RMB16,374 million for the first half of 2016, representing an increase of RMB13,189 million from RMB3,185 million for the first half of 2015. This was primarily due to the increase in the profits of certain subsidiaries of the Group.

Profit attributable to owners of the Company Profit attributable to owners of the Company amounted to RMB531 million for the first half of 2016, representing a decrease of 97.9% from RMB25,406 million for the first half of 2015.

- Segment Results

Exploration and Production

Revenue The revenue of the Exploration and Production segment for the first half of 2016 was RMB182,480 million, representing a decrease of 25.8% from RMB245,878 million for the first half of 2015. This was primarily due to the impact of the prices drop of oil and gas products, including crude oil and natural gas. The average realised crude oil price in the first half of 2016 was US$33.09 per barrel, representing a decrease of 36.5% from US$52.10 per barrel for the first half of 2015.

Operating Expenses Operating expenses of the Exploration and Production segment decreased by 13.2% to RMB184,899 million for the first half of 2016 from RMB212,961 million for the first half of 2015. This was primarily due to the combined impact of (i) the gain on disposal of certain investment in Trans-Asia Pipeline Company, (ii) decrease in the purchase costs for importing crude oil, and (iii) increase in the depletion of oil and gas assets resulting from the decrease in proven developed reserves and the increase in depletion rate caused by the drop of oil prices.

The Group continued to tighten cost controls. In the first half of 2016, the oil and gas lifting cost was US$11.32 per barrel, representing a decrease of 10.2% from US$12.61 per barrel in the first half of 2015.

Profit from Operations In the first half of 2016, for its domestic operations, the Exploration and Production segment intensified measures to broaden source of income, reduce expenditure, cut costs and improve efficiency and took many initiatives to tighten loss controls, which resulted in effective control of investments and costs. For its overseas operations, the Exploration and Production segment established a linkage mechanism between cost and oil price to cope with changes in markets and oil prices in a timely and effective manner and maintain a steady development. However, due to the adverse impact caused by the fact that international crude oil prices stayed at low levels, in the first half of 2016, the Exploration and Production segment incurred an operating loss of RMB2,419 million, representing a decrease of RMB35,336 million in operating profit as compared with the operating profit of RMB32,917 million for the first half of 2015.

Refining and Chemicals

Revenue The revenue of the Refining and Chemicals segment for the first half of 2016 was RMB280,993 million, representing a decrease of 16.0% from RMB334,439 million for the first half of 2015. This was primarily due to combined impact of the decrease in the prices and change of sales volume of certain refining and chemical products under market influence, especially diesel.

Operating Expenses Operating expenses of the Refining and Chemicals segment decreased by 23.1% to RMB253,519 million for the first half of 2016 from RMB329,782 million for the first half of 2015. This was primarily due to the decrease in the costs of raw materials like crude oil.

In the first half of 2016, the cash processing cost of refineries was RMB171.16 per ton, representing a decrease of 2.6% as compared with RMB175.64 per ton for the same period in 2015. This was primarily due to the decrease in fuel and power costs as a result of optimisation of the operation of production facilities.

Profit from Operations In the first half of 2016, by placing emphasis on the principles of market orientation and profitability, keeping optimising the structure of products and intensifying control of costs and expenses, the Refining and Chemicals segment recorded better results in terms of major technical and economic indicators as compared with the same period in 2015 and its profitability continued to improve, being a key profit contributor to the overall profitability of the Company. In the first half of 2016, the Refining and Chemicals segment achieved a profit from operations amounting to RMB27,474 million, representing an increase of RMB22,817 million as compared with RMB4,657 million for the first half of 2015. Of which, as a result of optimisation of operation and increase in refining margin, the refining operations generated an operating profit of RMB21,425 million, representing an increase of RMB15,875 million as compared with RMB5,550 million for the same period in 2015, whilst the chemical operations grasped the favourable opportunity in the improving market to expand sales and increase profit, generating an operating profit of RMB6,049 million, which represents an increase in operating profit of RMB6,942 million as compared with the operating loss of RMB893 million for the same period in 2015.

Marketing

Revenue The revenue of the Marketing segment for the first half of 2016 was RMB587,680 million, representing a decrease of 17.7% as compared with RMB713,955 million for the first half of 2015, which was primarily due to the combined impact of a decrease in the price and sales volume of diesel, a decrease in the prices as well as an increase of sales volume of gasoline, kerosene and other products.

Operating Expenses Operating expenses of the Marketing segment decreased by 18.0% to RMB583,071 million for the first half of 2016 from RMB711,172 million for the first half of 2015. This was primarily due to a decrease in the expenses relating to the purchase of refined products from external suppliers.

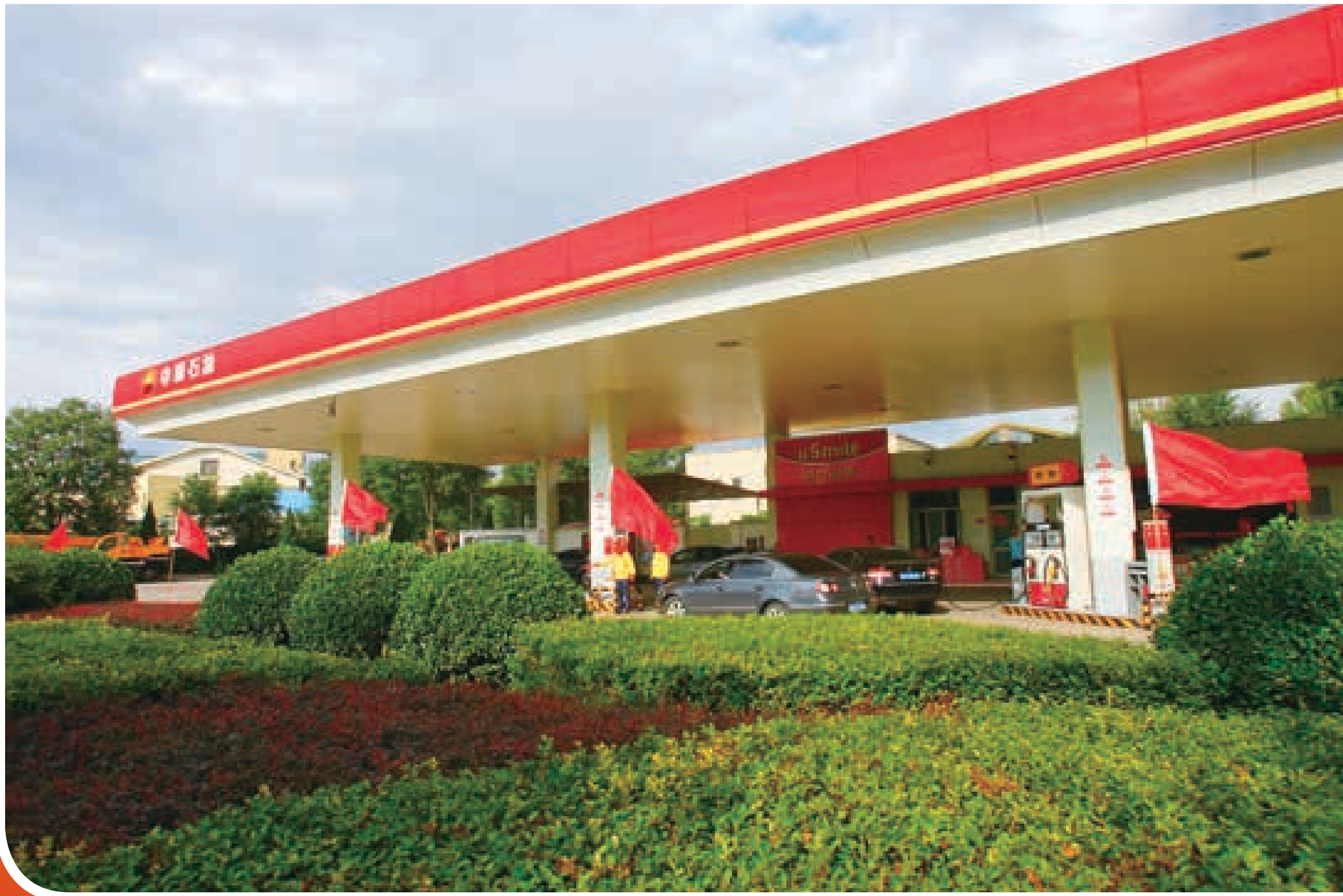
Profit from Operations In the first half of 2016, faced with such adverse factors as the slow-down in the growth of domestic demand for refined products and the fierce competition in the market, the domestic business of the Marketing segment controlled the cost expenses, developed the market through multiple channels, implemented target-specific marketing strategies and normalised the integrated marketing of refined products, fuel cards, non-oil business and lubricants. The non-oil business became a new profit growth point. For international trade, the Marketing segment optimised the importation of oil and gas resources and expanded the exportation of products processed with imported materials, achieving a continuous growth in scale. In the first half of 2016, the Marketing segment achieved an operating profit of RMB4,609 million, representing an increase of 65.6% from RMB2,783 million for the first half of 2015.

Natural Gas and Pipeline

Revenue The revenue of the Natural Gas and Pipeline segment decreased by 12.1% to RMB122,336 million for the first half of 2016 from RMB139,212 million for the first half of 2015, which was primarily due to the combined impact of the drop of natural gas price and the increase in the pipeline transportation profitability of natural gas.

Operating Expenses Operating expenses of the Natural Gas and Pipeline segment decreased by 10.8% to RMB110,905 million for the first half of 2016 from RMB124,345 million for the first half of 2015. This was primarily due to the decrease in natural gas import costs.

Profit from Operations In the first half of 2016, faced with the significant drop of natural gas price, the Natural Gas and Pipeline segment optimised resources allocation, reduced comprehensive purchase costs, intensified marketing efforts, and improved the operating efficiency and profitability of pipeline network, resulting in an operating profit of RMB11,431 million, which represented a decrease of 23.1% from RMB14,867 million for the first half of 2015. In the first half of 2016, the Natural Gas and Pipeline segment recorded a net loss of RMB8,006 million on the sales of imported natural gas and liquefied natural gas ("LNG"), representing a decrease in loss of RMB2,620 million as compared with the same period in 2015. Such losses included a loss of RMB3,715 million for the sales of 18.434 billion cubic metres of natural gas imported from



Central Asia, a loss of RMB2,921 million for the sales of 2.764 billion cubic metres of imported LNG, and a loss of RMB2,696 million for the sales of 1.966 billion cubic metres of natural gas imported from Burma.

In the first half of 2016, the Group's international operations(note) achieved a revenue of RMB225,579 million, accounting for 30.5% of the total revenue of the Group. Profit before income tax expense of overseas operations was RMB26,196 million, among which, a gain of RMB24,534 million resulted from gain on disposal of certain investment in Trans-Asia Pipeline Company. The international operations maintained healthy development and the Group's internationalised operational capabilities were further improved.

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

- Cash Flows

As at June 30, 2016, the primary sources of funds of the Group were cash from operating activities and short-term and long-term borrowings. The funds of the Group were mainly used for operating activities, capital expenditures, repayment of short-term and long-term borrowings and distribution of dividends to the shareholders of the Company.

The table below sets forth the cash flows of the Group for the first half of 2016 and 2015, respectively, and the amount of cash and cash equivalents as at the end of each period:

	Period of six months ended June 30	
	2016	**2015**
	RMB million	**RMB million**
Net cash flows from operating activities	111,842	110,936
Net cash flows used for investing activities	(83,231)	(100,412)
Net cash flows used for financing activities	(1,163)	(18,068)
Translation of foreign currency	1,101	(121)
Cash and cash equivalents at end of the period	101,322	66,113

Net Cash Flows From Operating Activities

The net cash flows of the Group from operating activities for the first half of 2016 were RMB111,842 million, representing an increase of 0.8% from the net cash flow of RMB110,936 million for the first half of 2015. This was mainly due to the combined impact brought about by the decrease of profit during the reporting period and the change in working capital. As at June 30, 2016, the Group had cash and cash equivalents of RMB101,322 million, among which, approximately 48.7% were denominated in Renminbi, approximately 48.1% were denominated in US Dollars, approximately 1.6% were denominated in Hong Kong Dollars and approximately 1.6% were denominated in other currencies.

Net Cash Flows Used For Investing Activities

The net cash flows of the Group used for investing activities for the first half of 2016 were RMB83,231 million, representing a decrease of 17.1% from RMB100,412 million for the first half of 2015. This was primarily due to the fact that the Group strengthened its investment management and decreased capital expenditures in the first half of 2016.

Net Cash Flows Used For Financing Activities

The net cash flows of the Group used for financing activities for the first half of 2016 were RMB1,163 million, representing a decrease of 93.6% from RMB18,068 million for the first half of 2015. This was primarily due to the fact that the Group made scientific arrangements for funds, strengthened management of interest-bearing borrowings and made comprehensive arrangements for optimising debt structure.

The net borrowings of the Group as at June 30, 2016 and December 31, 2015, respectively, were as follows:

	As at June 30, 2016	**As at December 31, 2015**
	RMB million	**RMB million**
Short-term borrowings (including current portion of long-term borrowings)	136,543	106,226
Long-term borrowings	414,932	434,475
Total borrowings	551,475	540,701
Less: Cash and cash equivalents	101,322	72,773
Net borrowings	450,153	467,928

The following table sets out the remaining contractual maturities of borrowings as at June 30, 2016 and December 31, 2015, respectively, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	As at June 30, 2016	As at December 31, 2015
	RMB million	RMB million
Within 1 year	155,641	125,377
Between 1 and 2 years	138,563	114,772
Between 2 and 5 years	228,097	267,560
After 5 years	99,172	107,439
	621,473	615,148

Of the total borrowings of the Group as at June 30, 2016, approximately 56.8% were fixed-rate loans and approximately 43.2% were floating-rate loans. Of the total borrowings as at June 30, 2016, approximately 73.9% were denominated in Renminbi, approximately 24.6% were denominated in US Dollars and approximately 1.5% were denominated in other currencies.

As at June 30, 2016, the gearing ratio of the Group (gearing ratio = interest-bearing debts/(interest-bearing debts + total equity)) was 28.8% (December 31, 2015: 28.7%).

- Capital Expenditures

For the first half of 2016, the Group devoted great efforts to control investment costs, continued to optimise its investment structure and reasonably adjusted the pace of construction of projects and, as such, its capital expenditures were RMB50,867 million, representing a decrease of 17.5% from RMB61,653 million for the first half of 2015, which kept the significant downtrend in capital expenditures on a period-on-period basis since 2013. The following table sets out the capital expenditures incurred by the Group for the first half of 2016 and for the first half of 2015 and the estimated capital expenditures for each of the business segments of the Group for the whole year of 2016.

	For the first half of 2016		For the first half of 2015		Estimates for 2016	
	RMB million	(%)	RMB million	(%)	RMB million	(%)
Exploration and Production*	39,550	77.75	48,005	77.87	142,900	74.43
Refining and Chemicals	3,566	7.01	5,058	8.20	18,700	9.74
Marketing	2,806	5.52	1,462	2.37	10,200	5.31
Natural Gas and Pipeline	4,518	8.88	6,731	10.92	19,100	9.95
Head Office and Other	427	0.84	397	0.64	1,100	0.57
Total	50,867	100.00	61,653	100.00	192,000	100.00

* If investments related to geological and geophysical exploration costs were included, the capital expenditures and investments for the Exploration and Production segment for the first half of 2015 and the first half of 2016, and the estimates for the same for the year of 2016 would be RMB54,134 million, RMB43,873 million and RMB151,600 million, respectively.

Exploration and Production

Capital expenditures for the Exploration and Production segment of the Group amounted to RMB39,550 million for the first half of 2016. The expenditures were primarily used for oil and gas exploration and development conducted both within and outside the PRC. The Group's domestic exploration focused on the oil and gas regions such as Erdos Basin, Tarim Basin and Sichuan Basin, with a focus on maintaining and increasing the output from oil and gas fields such as those in Daqing, Changqing, Liaohe, Xinjiang, Tarim and the South-Western as well as the development of unconventional resources such as coal bed gas and shale gas. For its overseas operations, the Group continued to push forward the existing oil and gas exploration and development projects in joint cooperation areas in the Middle East, Central Asia, America and the Asia Pacific region.

The Group anticipates that capital expenditures for the Exploration and Production segment throughout 2016 would amount to RMB142,900 million.

Refining and Chemicals

Capital expenditures for the Refining and Chemicals segment of the Group amounted to RMB3,566 million for the first half of 2016, primarily used for the construction of the large refining and chemical projects of Yunnan Petrochemical and Huabei Petrochemical and the quality upgrade project for gasoline and diesel oil products.

The Group anticipates that capital expenditures for the Refining and Chemicals segment throughout 2016 will amount to RMB18,700 million.

Marketing

Capital expenditures for the Marketing segment of the Group amounted to RMB2,806 million for the first half of 2016, which were used primarily for the construction and expansion of the domestic sales networks for high-profitability markets and the construction of overseas oil and gas operation centres.

The Group anticipates that capital expenditures for the Marketing segment throughout 2016 will amount to RMB10,200 million.

Natural Gas and Pipeline

Capital expenditures for the Natural Gas and Pipeline segment of the Group amounted to RMB4,518 million for the first half of 2016, which were used primarily for the construction of key oil and gas transmission pipelines such as the Third West-East Gas Pipeline, Anshan-Dalian Crude Oil Pipeline and Jinzhou-Zhengzhou Refined Oil Pipeline, and city gas facilities.

The Group anticipates that capital expenditures for the Natural Gas and Pipeline segment throughout 2016 will amount to RMB19,100 million.

Head Office and Other

Capital expenditures for Head Office and Other for the first half of 2016 were RMB427 million, which were primarily used for scientific research activities and construction of information system.

The Group anticipates that capital expenditures for Head Office and Other throughout 2016 will amount to RMB1,100 million.

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

- Principal operations by segment under CAS

	Income from principal operations for the first half of 2016	Cost of principal operations for the first half of 2016	Gross margin*	Changes in income from principal operations over the same period of the preceding year	Changes in cost of principal operations over the same period of the preceding year	Increase/ (decrease) in gross margin
	RMB million	RMB million	(%)	(%)	(%)	(Percentage points)
Exploration and Production	178,440	179,061	(5.2)	(25.9)	0.8	(25.7)
Refining and Chemicals	278,036	148,646	17.2	(16.1)	(31.7)	9.3
Marketing	579,724	548,701	5.1	(18.0)	(18.9)	1.0
Natural Gas and Pipeline	120,582	107,501	10.4	(12.3)	(11.3)	(1.1)
Head Office and Other	201	66	-	31.4	32.0	-
Inter-segment elimination	(435,180)	(435,161)	-	-	-	-
Total	721,803	548,814	11.2	(16.1)	(14.0)	(2.6)

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

During the reporting period, the total amount of connected transactions from sales of products and provision of services by the Group to CNPC and its subsidiaries was RMB34,854 million.

- Principal operations by region under CAS

Operating income	First half of 2016 RMB million	First half of 2015 RMB million	Changes over the same period of the preceding year (%)
Mainland China	513,488	597,120	(14.0)
Other	225,579	280,504	(19.6)
Total	739,067	877,624	(15.8)

- Principal subsidiaries, associates and jointly controlled entities of the Group

Company name	Registered capital RMB million	Shareholding %	Amount of total assets RMB million	Amount of total liabilities RMB million	Amount of total net assets RMB million	Net profit RMB million
Daqing Oilfield Company Limited	47,500	100.00	290,353	66,440	223,913	(1,456)
CNPC Exploration and Development Company Limited	16,100	50.00	153,378	24,488	128,890	21,227
PetroChina Hong Kong Limited	HK$7,592 million	100.00	118,390	52,560	65,830	3,184
PetroChina International Investment Company Limited	31,314	100.00	117,321	123,009	(5,688)	(1,339)
PetroChina International Co., Ltd.	18,096	100.00	138,198	92,880	45,318	2,413
PetroChina Pipelines Co., Ltd.	80,000	72.26	244,404	38,611	205,793	10,747
Dalian West Pacific Petrochemical Co., Ltd.	US$258 million	28.44	8,200	14,736	(6,536)	(337)
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	7,118	4,390	2,728	49
China Petroleum Finance Co., Ltd.	5,441	49.00	624,954	577,656	47,298	4,437
Arrow Energy Holdings Pty Ltd.	AUD 2	50.00	35,289	24,596	10,693	(708)
CNPC Captive Insurance Co., Ltd.	5,000	49.00	11,166	5,549	5,617	153
Trans-Asia Gas Pipeline Co., Ltd.	5,000	50.00	31,567	2,528	29,039	202

Notes: For details of the nature of business and net profit of principal subsidiaries, associates and joint ventures of the Group, please refer to Note 6 and Note 13 of the financial statements of the Group prepared under CAS.

3. Business Prospects for the Second Half of the Year

In the second half of 2016, the recovery of global economy will remain weak and financial market will tend to be unstable due to significant political events including Brexit. The overall supply in the international oil market will continue to be sufficient and the global oil price is likely to keep fluctuating at a low level, and certain countries with oil resources are facing more geopolitical risks. It is expected that the Chinese economy will continue to develop at a reasonable pace, while downward pressure on the economy still exists and the competition in the oil and gas market becomes more fierce. When facing both opportunities and challenges, the Group will enhance its analysis and assessment of the situation, grasp favourable opportunities arising from the China's implementation of major strategies such as the supply-side structural reform and "the Belt and Road" initiative, depend on its main business of oil and gas, focus on improving quality and efficiency, accelerate reform and innovation, leverage on its advantage of integration of all business chain, optimise its production and operations, continue to implement measures to broaden source of income, reduce expenditure, cut costs and improve efficiency, and strive to accomplish its production and operation targets for the year and facilitate the steady development of the Group.

In respect of exploration and production, the Group will continue to solidify the base for oil and gas exploration, ensure investments in major findings and reserves with good returns, strengthen comprehensive geological research at key zones and steadily promote unconventional oil and gas exploration. The Group will organise its production of oil and gas in a scientific way based on profit contribution, optimise output structure, explore innovative production and organisation methods, promote new operation modes and application of new technologies, and improve both production efficiency and results. The Group will also take comprehensive measures to exercise strict control over investments and costs, and endeavour to control and reduce losses while maintaining sufficient resources.

In respect of refining and chemicals operations, the Group will, oriented by market, optimise its allocation of crude oil resources, process route and products structure, reasonably arrange the processing load as well as inspection, maintenance and scheduled overhauls, develop new products of specific features, increase its production of marketable and high-profitability products with high added-value, and keep a stable profitability trend. The Group will organise and prepare for the launch of key projects such as Yunnan Petrochemical, orderly promote the development of the upgrade project of the quality of refined oil, steadily carry out the quality updating project of national standard V gasoline and diesel and continue to enhance its ability of sustainable development.

In respect of the sales of refined products, the Group will keep optimising resource allocation, maintain a smooth industry chain, promote marketing through the "Internet plus", emphasise sales of products with high profits, improve its ability of terminal sale, increase sales volume of oil guns, keep strengthening the construction of marketing network, develop markets of high profits and strategic areas and improve the overall profitability.

In respect of natural gas and pipelines operations, the Group will optimise the functioning of production, transportation and storage facilities, improve profitability and performance of the operation of pipeline network, keep strengthening marketing capability, optimise structures of gas sources, users structure and resource flows, increase proportion of high-end market with high profits, make prior arrangements for developing market along newly-constructed pipelines, and improve the results of natural gas sales. The Group will arrange in a scientific way the commissioning and launch of key projects such as the Yunnan Refined Oil Pipeline and the East Section of the Third West-East Gas Pipeline, and keep improving the layout of pipeline network.

In respect of international operations, the Group will optimise business structure and regional deployment based on projected oil price and its business mode, stick to exploration and development of projects of high profits, and strive to effectively promote international cooperation and project development in oil and gas areas so as to enhance the overall profitability. The Group will further strengthen the economic evaluation and risk assessment mechanism for key projects and effectively control various risks. For international trade, the Group will continue to improve its overseas oil and gas operation centres and global trading network, expand into high-end international markets with high profits through various means, and enhance its capability of global resource allocation and the quality and profitability of trade operations.

By order of the Board
Wang Yilin
Chairman
Beijing, PRC
August 24, 2016

SIGNIFICANT EVENTS

1. Governance of the Company

During the reporting period, the Company had been operating in accordance with domestic and overseas regulatory requirements. With reference to the status quo of the Company and in accordance with the Articles of Association of the Company (the "Articles of Association"), relevant laws, regulations and the securities regulatory rules of the places where the shares of the Company are listed, the Company has been formulating, improving and effectively implementing rules and procedures for the Board and its various specialised committees. In accordance with the rules such as the Regulations on Information Disclosure of Companies and the Registration Measures for Insiders of Companies, the Company increased the accountability of the persons responsible for annual report information disclosure and intensified confidentiality measures for inside information prior to formal disclosure of annual report information of the Company. During the reporting period, the said rules were effectively carried out by the management of the Company, without any findings of trading of the Company's shares by persons who had inside information in breach of the relevant regulations or material errors in the annual report.

During the reporting period, the Company's corporate governance met the requirements set out in the normative documents relating to governance of listed companies issued by the regulatory authorities and stock exchanges of the places where the Company is listed. The internal management operations of the Company had been further standardised. The level of the Company's corporate governance had been continually enhanced through the coordination and checks and balances among the shareholders' general meeting, the Board and its respective specialised committees, the Supervisory Committee and the management led by the President of the Company together with the effective operations of the internal control systems.

2. Compliance with the Corporate Governance Code

For the six months ended June 30, 2016, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

3. Formulation and Implementation of the Cash Dividend Policy

Since its listing in 2000, the Company has been in strict conformance with the relevant undertakings in its Hong Kong listing prospectus, with a consistent dividend policy adopted. Currently, the Company pays dividends to its shareholders on the basis of 40% to 50% of its annual net profit. The Company's consistent and proactive dividend policy is well received by shareholders as it preserves the interests of small to medium sized shareholders. The independent Directors of the Company have performed their duties conscientiously and diligently and played their role as expected.

To protect the interests of small to medium sized shareholders, the Articles of Association expressly provides that the proportion of cash dividends shall not be lower than 30% of annual net profit attributable to owners of the Company. The Company shall make dividend payments twice a year. Payment of final dividends shall be approved by a general meeting by way of an ordinary resolution, whilst payment of interim dividends may be approved by the Board receiving a mandate from a general meeting by way of an ordinary resolution. Over the years, the Company has been implementing the dividend policy in strict compliance with the Articles of Association and the relevant regulatory requirements.

Authorised by the shareholders, the Board has approved the 2016 interim dividend at the fifth meeting of the Board in 2016, with the consent of independent Directors.

4. Final Dividend for 2015 and Interim Dividend for 2016 and Closure of Register of Members

(1) Final Dividend for the Year Ended December 31, 2015

The final dividend in respect of 2015 of RMB0.02486 per share (inclusive of applicable tax), amounting to a total of RMB4,550 million was approved by the shareholders at the Annual General Meeting of the Company on May 25, 2016 and was paid on June 8, 2016 (for A shares) and July 14, 2016 (for H shares), respectively.

(2) Interim Dividend for 2016 and Closure of Register of Members

The Board was authorised by the shareholders to approve the distribution of an interim dividend for 2016 at the Annual General Meeting of the Company on May 25, 2016. In order to improve returns to shareholders, the Board has resolved to declare a special interim dividend of RMB0.02 per share for 2016 in addition to the dividend distribution of 45% of profit attributable to owners of the Company under IFRS, namely, to declare and pay to all shareholders of the Company an interim dividend of RMB0.02131 per share (inclusive of applicable tax) in cash for the six months ended June 30, 2016 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2016. The total amount of the interim dividend payable is RMB3,899 million.

The interim dividend of the Company will be paid to shareholders whose names appear on the register of members of the Company at the close of trading on September 20, 2016. The register of members of H shares will be closed from September 15, 2016 to September 20, 2016 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the interim dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Hong Kong Registrars Limited on or before 4:30 p.m., September 14, 2016. Holders of A shares whose names appear on the register of members of the Company maintained at China Securities Depository and Clearing Corporation Limited ("CSDC") at the close of trading on the Shanghai Stock Exchange in the afternoon of September 20, 2016 will be eligible for the interim dividend.

In accordance with the relevant provisions of the Articles of Association and relevant laws, dividends payable to the shareholders of the Company shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi, and for the A shares of the Company listed on the Shanghai Stock Exchange and invested by the investors through the Hong Kong Stock Exchange, dividends shall be paid in Renminbi to the accounts of the nominal shareholders through CSDC. Save for the H shares of the Company listed on the Hong Kong Stock Exchange and invested by the investors through the Shanghai Stock Exchange (the "H Shares under the Southbound Trading Link"), dividends payable to the holders of H shares shall be paid in Hong Kong Dollars. The applicable exchange rate shall be the average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the dividends by the Board.

Dividends payable to the holders of H Shares under the Southbound Trading Link shall be paid in Renminbi. In accordance with the Agreement on Payment of Cash Dividends on the H Shares under the Southbound Trading Link between the Company and CSDC, CSDC will receive the dividends payable by the Company to holders of the H Shares under the Southbound Trading Link as a nominal holder of the H Shares under the Southbound Trading Link on behalf of investors and assist the payment of dividends on the H Shares under the Southbound Trading Link to investors thereof. The average of the medium exchange rate for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the 2016 interim dividend by the Board is RMB0.85499 to 1.00 Hong Kong Dollar. Accordingly, the interim dividend will be 0.02492 Hong Kong Dollar per H share (inclusive of applicable tax).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent"), and will pay the declared interim dividend to the Receiving Agent for its onward payment to the holders of H shares. The interim dividend will be paid by the Receiving Agent around October 28, 2016 to the holders of H shares by ordinary mail at their own risks.

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on January 1, 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the H share register of members of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Any holders of H shares wishing to change their shareholder status should consult their agents or trust institutions on the relevant procedures. The Company will withhold and pay the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments based on the information that will have been registered on the Company's H share register of members on September 20, 2016.

According to the regulation promulgated by the State Administration of Taxation of the PRC (GuoShui Han [2011] No.348), the Company is required to withhold and pay the individual income tax for individual holders of H shares and individual holders of H shares are entitled to certain tax preferential treatments according to the tax agreements between those countries where the individual holders of H shares are resident and China and the provisions in respect of tax arrangements between mainland China and Hong Kong (Macau). The Company will withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual holders of H shares who are Hong Kong residents, Macau residents or residents of those countries which have agreements with China prescribing for a tax rate of 10% for individual income tax in respect of dividends. For individual holders of H shares who are residents of those countries which have agreements with China prescribing for a tax rate lower than 10% for individual income tax in respect of dividends, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (GuoShui Fa [2009] No.124) (《國家税務總局關於印發＜非居民享受税收協定待遇管理辦法（試行）＞的通知》（國税發[2009]124號）). For individual holders of H shares who are residents of those countries which have agreements with China prescribing for a tax rate higher than 10% but lower than 20% for individual income tax in respect of dividends, the Company will withhold the individual income tax at the agreed-upon effective tax rate. For individual holders of H shares who are residents of those countries without any taxation agreements with China or those which have agreements with China prescribing for a tax rate of 20% for individual income tax in respect of dividends or other situations, the Company will withhold the individual income tax at a tax rate of 20%.

The Company will determine the country of residence of an individual holder of H shares based on the registered address as recorded in the register of members of the Company (the "Registered Address") on September 20, 2016 and will accordingly withhold and pay the individual income tax. If the country of residence of an individual holder of H shares is not the same as the Registered Address, the individual holder of H shares shall notify the share registrar of the Company's H shares and provide relevant supporting documents on or before 4:30 p.m., September 14, 2016 at the following address: Hong Kong Registrars Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. If the individual holder of H shares does not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of residence of the individual holder of H shares based on the Registered Address recorded on September 20, 2016.

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

In accordance with the Circular on the Tax Policies concerning the Pilot Program of the Shanghai and Hong Kong Stock Market Trading Interconnection Mechanism(《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), which became effective on November 17, 2014, with regard to the dividends obtained by individual mainland investors from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect, the Company will withhold their individual income tax at the tax rate of 20% in accordance with the register of individual mainland investors provided by CSDC. As to the withholding tax having been paid abroad, an individual investor may file an application for tax credit with the competent tax authority of CSDC with an effective credit document. With respect to the dividends obtained by mainland securities investment funds from investment in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect, the Company will levy tax with reference to the provisions concerning the collection of tax on individual investors. The Company will not withhold income tax on dividends obtained by mainland enterprise investors, and mainland enterprise investors shall file their income tax returns and pay tax themselves instead.

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

5. Material Litigation, Arbitration and Events Widely Questioned by the Media

Regarding the previously disclosed class action proceedings brought by individual overseas shareholders before the United States Federal District Court for the Southern District of New York (the "First Trial Court") against the Company and certain individuals based on the fact that certain former directors and former senior management of the Company were subject to an investigation conducted by the relevant PRC authorities (the "Action"), the Company's announcements in connection with the disclosure of the proceedings (No. Lin 2013-025 and Lin 2013-031 respectively) were posted on the website of Shanghai Stock Exchange and on China Securities Journal, Shanghai Securities News and Securities Times on September 6, 2013 and November 26, 2013 and on the website of the Hong Kong Stock Exchange.

On June 6, 2014, the lead plaintiff filed an Amended Class Action Complaint (the "Amended Complaint"), whereby the individual defendants were changed to three former directors and former senior management members including Jiang Jiemin, Ran Xinquan and Li Hualin. The Amended Complaint alleges substantially the same securities law violations as were alleged in the complaints in the original related actions. The Company has actively defended in accordance with the local proceedings (see the 2014 Interim Report, the 2014 Annual Report and the 2015 Interim Report disclosed by the Company for details).

On August 3, 2015, the First Trial Court issued an Opinion and Order, granting the Company's motion to dismiss, and directing termination of the motion and the closing of the case. Thereafter, on August 10, 2015, plaintiffs filed notice of appeal to the United States Court of Appeals for the Second Circuit (the "Appeal Court") from the judgment entered by the First Trial Court. On March 21, 2016, the Appeal Court ruled in a "Summary Order" that the appellants' arguments are untenable and upheld the original judgment of the First Trial Court, thus supporting the dismissal by the First Trial Court of the plaintiff's complaint. (See the 2015 Annual Report disclosed by the Company for details). According to the US laws, the appellants had the right to request for certiorari by the Supreme Court of the United States with regard to the judgement made by the Appeal Court within 90 days from the date of issuance of the said "Summary Order" (on or before June 20, 2016 (New York time), the "Appeal Period").

The appellants failed to request for certiorari by the Supreme Court of the United States within the Appeal Period. Whereas the appellants failed to file any appeal within the Appeal Period, and the Appeal Period has expired. According to the US law, all the allegations made by the appellants to the First Trial Court and the Appeal Court were rejected.

During the reporting period, the normal course of business of the Company has not been affected.

Save as disclosed above, there was no material litigation, arbitration or event widely questioned by the media during the reporting period.

6. Shareholding Interests of the Group in Other Companies

(1) Shareholding interests of the Group in other listed companies

As at the end of the reporting period, shareholding interests of the Group in other listed companies were as follows:

Unit: HK$ million

Stock code	Stock short name	Initial investment amount	Number of shares held (both at the beginning and the end of the reporting period)	Shareholding (%)	Book value as at the end of the reporting period	Profit or loss for the reporting period	Changes in equity during the reporting period	Classification in accounts	Source of shareholding
135	Kunlun Energy(1)	25,758	4,708,302,133	58.33	25,758	—	—	Long-term equity investments	Acquisition and further share issuance

Note: (1) The Group held the shares in Kunlun Energy Company Limited, a company listed on the Hong Kong Stock Exchange, through Sun World Limited, an overseas wholly-owned subsidiary of the Group.

(2) Shareholding interests of the Group in non-listed financial institutions

As at the end of the reporting period, shareholding interests of the Group in other non-listed financial institutions were as follows:

Unit: RMB million

Name of investment target	Initial investment amount	Number of shares held (both at the beginning and the end of the reporting period)	Shareholding (%)	Book value as at the end of the reporting period	Profit or loss for the reporting period	Changes in equity during the reporting period	Classification in accounts	Source of shareholding
China Petroleum Finance Co., Ltd.	9,917	2,666,000,000	49.00	23,525	2,174	109	Long-term equity investments	Injection of capital
CNPC Captive Insurance Co., Ltd.	2,450	2,450,000,000	49.00	2,752	75	2	Long-term equity investments	Establishment by promotion

7. Acquisition, Sale and Restructuring of Assets

(1) Sale of Equity

On November 24, 2015, at the seventh meeting of the Board of the Company in 2015, the Board approved the internal restructuring by CNPC Exploration and Development Company Limited ("CNPC E&D"), a subsidiary of the Company, of Trans-Asia Pipeline Company, and the sale by Tianjin Taipu Natural Gas Pipeline Co., Ltd. ("Tianjin Taipu"), a wholly-owned subsidiary of CNPC E&D, of its 50% equity interest in Trans-Asia Pipeline Company following the internal restructuring to Mindsoon Holdings Corporation Limited, a company controlled by CNIC Corporation Limited ("CNIC"). The assets under this transaction were the 50% equity interest in Trans-Asia Pipeline Company (excluding Line D assets, part of cash and certain other assets of Trans-Asia Pipeline Company), the transaction consideration of which was equivalent to RMB14,671 million.

The transfer of equity interest under this transaction was completed in the second quarter of 2016, following which, Trans-Asia Pipeline Company became a joint venture of the Company.

The details about this transaction were announced respectively on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange on November 25, 2015 (No. Lin 2015-027).

The above-mentioned event did not affected the continuity of the Group's business and the stability of the management and instead has facilitated the sustainable and healthy development of the Group's natural gas and pipeline business and the continuous upward trend in the Group's future financial position and operating results.

(2) Restructuring of Assets

On November 24, 2015, at the seventh meeting of the Board of the Company in 2015, the Board unanimously passed the Proposal regarding the Integration of Kunlun Gas and Kunlun Energy, and approved that the Company enters into a letter of intent on integration with Kunlun Energy Company Limited ("Kunlun Energy"). The integration can be achieved by way of acquisition of equity interest or assets of PetroChina Kunlun Gas Co., Ltd. ("Kunlun Gas") by Kunlun Energy or other forms of integration. The Board authorised the management team of the Company to execute the final agreement in relation to the integration.

On December 28, 2015, the Company, Kunlun Energy and Kunlun Gas entered into the Agreement between PetroChina Company Limited and Kunlun Energy Company Limited Regarding the Transfer of Equity Interests of PetroChina Kunlun Gas Co., Ltd. (the "Equity Transfer Agreement"). As agreed in the Equity Transfer Agreement, the Company will transfer its 100% equity interest in Kunlun Gas to Kunlun Energy. Upon consensus between the parties through consultation, the consideration for this equity transfer was RMB14,827 million.

As at the end of the reporting period, this transaction has been approved by relevant government authorities including the Ministry of Commerce of the People's Republic of China and NDRC. The registration for equity transfer of Kunlun Gas has been completed and the Company has received the payment of the first tranche consideration from Kunlun Energy according to the Equity transfer Agreement. Upon completion of this transaction, Kunlun Gas became a wholly-owned subsidiary of Kunlun Energy.

The details about this transaction were announced respectively on the websites of the Hong Kong Stock Exchange and Shanghai Stock Exchange on November 25, 2015, December 28, 2015 and June 22, 2016 (No. Lin 2015-028, No. Lin 2015-036 and No. Lin 2016-030 respectively).

The above-mentioned event did not affected the continuity of the Group's business and the stability of the management and instead has facilitated the sustainable and healthy development of the Group's natural gas and pipeline business and the continuous upward trend in the Group's future financial position and operating results.

8. Material Connected Transactions

(1) Continuing connected transactions

Connected transactions with CNPC

Pursuant to the Listing Rules and the Shanghai Stock Exchange Listing Rules, since CNPC is the controlling shareholder of the Company, transactions between the Group and CNPC as well as their jointly-held entities constitute connected transactions of the Group. The Group and CNPC as well as their jointly-held entities continue to carry out certain existing continuing connected transactions. The Company had obtained independent Directors' and independent shareholders' approval at the third meeting of the Sixth Session of the Board held on August 27 and 28, 2014 and the first extraordinary general meeting held on October 29, 2014, respectively, for a renewal of the existing continuing connected transactions and the new continuing connected transactions, and the proposed caps for the existing continuing connected transactions and the new continuing connected transactions for the period from January 1, 2015 to December 31, 2017.

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

1) Comprehensive Products and Services Agreement
2) Land Use Rights Leasing Contract and an agreement supplementary thereto
3) Buildings Leasing Contract (as amended)
4) Intellectual Property Licensing Contracts
5) Contract for the Transfer of Rights under Production Sharing Contracts

Details of the above agreements were set out in the section headed "Connected Transactions" of the 2015 annual report published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on April 15 and March 23, 2016, respectively. Details of the Comprehensive Products and Services Agreement, the Supplementary Agreement to the Land Use Rights Leasing Contract and the Buildings Leasing Contract (as amended) were published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on August 28 and 29, 2014, respectively, and were also set out in the meeting materials for the 2014 first extraordinary general meeting published on the website of the Shanghai Stock Exchange on October 21, 2014.

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

During the reporting period, in accordance with CAS, the actual total transaction amounts of the connected transactions between the Group and its connected parties were RMB150,654 million, of which the sales of goods and provision of services by the Group to its connected parties amounted to RMB42,832 million, representing 5.80% of the same category transactions of the Group. The purchase of goods and provision of services from the connected parties to the Group amounted to RMB107,822 million, representing 16.38% of the same category transactions of the Group. The balance of the capital provided by the connected parties to the Group amounted to RMB289,890 million.

(3) Details of the connected transactions during the reporting period have been set out in Note 53 to the financial statements of the Group prepared under CAS and Note 18 to the financial statements of the Group prepared under IFRS.

9. Material Contracts and the Performance Thereof

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

(2) The Group had no material guarantees during the reporting period.

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

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

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

10. Performance of Undertakings

In order to support the business development of Company, consolidate the relevant quality assets and avoid industry competition, CNPC, the controlling shareholder of the Company, entered into the Agreement on Non-Competition and Pre-emptive Right to Transaction (the "Agreement") with the Company on March 10, 2000. As of June 30, 2016, except for those already performed, the undertakings not performed by CNPC, the controlling shareholder of the Company, included the follows: (1) due to the fact that the laws of the jurisdiction where ADSs were listed prohibit local citizens from directly or indirectly financing or investing in the oil and gas projects in certain countries, CNPC failed to inject the overseas oil and gas projects in certain countries into the Company; (2) upon execution of the Agreement, CNPC did not strictly comply with the Agreement and obtained business opportunities that competed or were likely to compete with the principal business of the Company. Nevertheless, such industry competition primarily concentrated on oil and gas exploration and development operations at certain overseas countries and regions in which the resources owned by CNPC were insufficient or uncertain.

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

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

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

During the reporting period, none of the existing Directors, Supervisors, senior management, controlling shareholder or de facto controller of the Company was subject to any investigation by relevant authorities, enforcement measures by judicial authorities or disciplinary authorities, transfer to judicial authorities or prosecution of criminal liabilities, audit or administrative punishment by the China Securities Regulatory Commission, denied participation in the securities market or deemed unsuitable, nor was there any administrative penalty by other administrative authorities or public condemnation by stock exchanges.

12. Repurchase, Sale or Redemption of Securities

The Company and its subsidiaries did not repurchase, sell or redeem any of the listed securities of the Company during the six months ended June 30, 2016.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") in respect of dealing in the Company's shares by its Directors. Each Director and Supervisor has confirmed to the Company that each of them had complied with the requirements set out in the Model Code during the reporting period.

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

As at June 30, 2016, none of the Directors or Supervisors had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the Securities and Futures Ordinance that required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code.

15. Audit Committee

The Audit Committee of the Company comprises Mr Lin Boqiang, Mr Liu Yuezhen and Mr Zhang Biyi. The main duties of the Audit Committee are to review and monitor the financial reporting procedures and internal control system of the Group and make recommendations to the Board.

The Audit Committee of the Company has reviewed and confirmed the interim results for the six months ended June 30, 2016.

16. Disclosure of Other Information

Save as disclosed above, there have been no material changes in the information disclosed in the annual report of the Group for the year ended December 31, 2015 in respect of matters required to be disclosed under paragraph 46(3) of Appendix 16 to the Listing Rules.

17. Index of Information Disclosure

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Analysis Report of PetroChina on Credit Rating of the 2016 Corporate Bonds (First Tranche)	—	January 15, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on its Issue of the 2016 Corporate Bonds (First Tranche) (oriented to qualified investors)	Shanghai Securities News	January 15, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Prospectus on Issuance of the 2016 Corporate Bonds (First Tranche) by PetroChina (oriented to qualified investors)	—	January 15, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Summary of Prospectus on Issuance of the 2016 Corporate Bonds (First Tranche) by PetroChina (oriented to qualified investors)	—	January 15, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Coupon Rate of the 2016 Corporate Bonds (First Tranche)	Shanghai Securities News	January 19, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Results of its Issue of the 2016 Corporate Bonds (First Tranche)	—	January 21, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Expected Reduction in the Performance on Year 2015	—	January 29, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Listing Announcement on the 2016 Corporate Bonds (First Tranche) Publicly Offered by PetroChina	—	February 4, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Issues Relating to Entrusting China Securities Depository and Clearing Company Limited Shanghai Branch with Agency for Payment of Bonds and Bond Interests	—	February 4, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Analysis Report of PetroChina on Credit Rating of the 2016 Corporate Bonds (Second Tranche)	—	February 29, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on its Issue of the 2016 Corporate Bonds (Second Tranche) (oriented to qualified investors)	Shanghai Securities News	February 29, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Prospectus on Issuance of the 2016 Corporate Bonds (Second Tranche) by PetroChina (oriented to qualified investors)	—	February 29, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Summary of Prospectus on Issuance of the 2016 Corporate Bonds (Second Tranche) by PetroChina (oriented to qualified investors)	—	February 29, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of Board Meeting of PetroChina (H Share Announcement)	—	March 1, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Results of Issue of the 2016 SCP (First Tranche)	—	March 1, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Coupon Rate of the 2016 Corporate Bonds (Second Tranche)	Shanghai Securities News	March 2, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Results of Issue of the 2016 Corporate Bonds (Second Tranche)	—	March 4, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Payment of Interest on the 2013 Corporate Bonds (First Tranche) in 2016	Shanghai Securities News	March 7, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Listing Announcement on the 2016 Corporate Bonds (Second Tranche) Publicly Offered by PetroChina	—	March 18, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Issues Relating to Entrusting China Securities Depository and Clearing Company Limited Shanghai Branch with Agency for Payment of Bonds and Bond Interests	—	March 18, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Analysis Report of PetroChina on Credit Rating of the 2016 Corporate Bonds (Third Tranche)	—	March 21, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on its Issue of the 2016 Corporate Bonds (Third Tranche)	Shanghai Securities News	March 21, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Prospectus on Issuance of the 2016 Corporate Bonds (Third Tranche) by PetroChina	—	March 21, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Summary of Prospectus on Issuance of the 2016 Corporate Bonds (Third Tranche) by PetroChina	—	March 21, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Announcement of PetroChina on Coupon Rate of the 2016 Corporate Bonds (Third Tranche)	Shanghai Securities News	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Special Statement on the Use of Non-operating Funds and Financial Transactions with other Affiliates for 2015	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Audit Report of PetroChina	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Internal Control Audit Report of PetroChina	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Report of PetroChina on Sustainable Development in 2015	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Work Report of Independent Directors of PetroChina	—	March 22, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Work Report of the Audit Committee of PetroChina in Year 2015	—	March 22, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Announcement on the Resolutions Passed at the First Meeting of the Board of Directors of PetroChina in Year 2016	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Announcement on the Resolutions passed at the First Meeting of the Supervisory Committee in Year 2016	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
2015 Internal Control Evaluation Report of PetroChina	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Special Statement and Independent Opinion by Independent Directors on External Guarantees	—	March 22, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Annual Report of PetroChina in Year 2015	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Summary of the Annual Report of PetroChina in Year 2015	—	March 23, 2016	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Announcement on the Results of Its Issue of the 2016 Corporate Bonds (Third Tranche)	—	March 25, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of PetroChina on the 2015 Annual General Meeting	China Securities Journal, Shanghai Securities News and Securities Times	April 6, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Listing Announcement on the 2016 Corporate Bonds (Third Tranche) Publicly Offered by PetroChina	—	April 13, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of Board Meeting (H Share Announcement)	—	April 13, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Issues Relating to Entrusting China Securities Depository and Clearing Company Limited Shanghai Branch with Agency for Payment of Bonds and Bond Interests	—	April 14, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
First Quarterly Report of PetroChina	—	April 28, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Proposed Appointment of Directors (H-shares Announcement)	—	April 28, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolutions Passed at the Second Meeting of the Board Meeting in 2016	—	April 28, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Additional Proposals for the 2015 Annual General Meeting	China Securities Journal, Shanghai Securities News and Securities Times	April 29, 201	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Documents of 2015 Annual General Meeting	—	May 13, 2016	Website of the Shanghai Stock Exchange
Announcement on the Results of Its Issue of the 2016 First Tranche Medium-term Notes	—	May 13, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Resignation and Election of Employee Supervisors	—	May 17, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Report on PetroChina on Track Rating of the 2016 Corporate Bonds	—	May 23, 2016	Website of the Shanghai Stock Exchange
Report on PetroChina on Track Rating of the 2012 Corporate Bonds, the 2013 Corporate Bonds and the 2016 Corporate Bonds	—	May 23, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
List of Directors and their Roles and Functions (H Share Announcement)	—	May 25, 2016	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolutions Passed at the 2015 Annual General Meeting	—	May 25, 2016	Website of the Shanghai Stock Exchange
Legal Opinion on the 2015 Annual General Meeting	—	May 25, 2016	Website of the Shanghai Stock Exchange
Announcement of PetroChina on Final Payout of Dividends on A-shares for 2015	China Securities Journal, Shanghai Securities News and Securities Times	June 1, 2016	Website of the Shanghai Stock Exchange
Suggestive Announcement of PetroChina on Transfer of State-owned Shares without Compensation	—	June 17, 2016	Website of the Shanghai Stock Exchange
Announcement of PetroChina on Completion of the Integration between Kunlun Energy and Kunlun Gas	—	June 22, 2016	Website of the Hong Kong Stock Exchange Website of Shanghai Stock Exchange
Announcement on the Resolutions Passed at the third meeting of the Board of Directors in 2016	—	June 22, 2016	Website of Shanghai Stock Exchange
List of Directors of PetroChina and their Roles and Functions (H Share Announcement)	—	June 22, 2016	Website of Shanghai Stock Exchange
Announcement of PetroChina on Progress in Proceedings	China Securities Journal, Shanghai Securities News and Securities Times	June 24, 2016	Website of the Hong Kong Stock Exchange Website of Shanghai Stock Exchange
Report of the Trustee of the 2012 Corporate Bonds (First Tranche) (For Year 2015)	—	June 29, 2016	Website of the Hong Kong Stock Exchange Website of Shanghai Stock Exchange
Report of the Trustee of the 2013 Corporate Bonds (First Tranche) (For Year 2015)	—	June 29, 2016	Website of the Hong Kong Stock Exchange Website of Shanghai Stock Exchange

18. Details of Preference Shares

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

19. Events After the Balance Sheet Date

There is no event after the balance sheet date.

20. Other Significant Events

(1) Further Improvement of the Pricing Mechanism for Refined Oil

On January 13, 2016, NDRC issued the Notice on Issues Concerning Further Improving the Pricing Mechanism for Refined Oil (Fa Gai Jia Ge [2016] No.64) (《關於進一步完善成品油價格形成機制有關問題的通知》(發改價格[2016]64號)), pursuant to which, commencing from January 13, 2016, a price floor of US$40 per barrel shall be set for the downward adjustment of the refined oil price and a reserve shall also be created for risks associated with the adjustment and control of oil prices. Accordingly, when the international crude oil price drops to US$40 per barrel or below, i.e. the adjustment price floor, the refined oil price in China shall no longer be adjusted downwards and all unadjusted amount shall be allocated to the reserve abovementioned for use for the purpose of energy saving or reduction of emission, improving the oil quality and securing a safe supply of oil. When the international crude oil price surges to US$130 per barrel or above, appropriate financial and taxation policies shall be adopted to ensure the production and supply of refined oil but the refined oil price in China shall remain unadjusted or shall be slightly adjusted upwards in principle. There shall also be a liberalisation of the ex-factory price of liquefied petroleum gas.

This event will not affect the continuity of the business and the stability of the management of the Group, and will not significantly affect the sustainable and healthy development of the refining and chemicals business and the marketing businesses of the Group and the future financial position and operating results of the Group.

(2) General Replacement of Business Tax with Value-added Tax (the "VAT") on a Trial Basis

On March 24, 2016, the Ministry of Finance and the State Administration of Taxation issued the Notice Regarding General Replacement of Business Tax with VAT Pilot Program (Cai Shui [2016]No. 36) (《關於全面推開營業稅改征增值稅試點的通知》(財稅[2016]36號)), pursuant to which the business tax will be replaced by the VAT nationwide on a trial basis from May 1, 2016 (the "Replacement"), covering all the taxpayers of business tax in the construction sector, the real estate sector, the financial sector and the living services sector, who will pay VAT instead of business tax going forward. Under this Replacement, the VAT rate and the deduction scope of input tax are both adjusted.

This event will not affect the continuity of the business and the stability of the management of the Group, and will not significantly affect the sustainable and healthy development of the Group and the future financial position and operating results of the Group.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

The Company convened the annual general meeting for the year 2015 on May 25, 2016, at which the Resolution on the Election of Director was approved, electing Mr Xu Wenrong as a Director of the Company.

On May 16, 2016, Mr Yao Wei and Mr Liu Hehe, the Company's employee supervisors, resigned from their position as the Company's employee supervisors, respectively due to their age and change of work. On May 17, 2016, Mr Li Wendong and Mr Liu Xianhua were elected as the Company's employee supervisors.

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

Directors

Name	Gender	Age	Position
Wang Yilin	Male	59	Chairman of the Board
Wang Dongjin	Male	53	Vice Chairman of the Board, President
Yu Baocai	Male	51	Non-executive Director
Shen Diancheng	Male	57	Non-executive Director
Liu Yuezhen	Male	54	Non-executive Director
Xu Wenrong	Male	54	Non-executive Director
Liu Hongbin	Male	53	Executive Director, Vice President
Zhao Zhengzhang	Male	59	Executive Director, Vice President
Chen Zhiwu	Male	53	Independent Non-executive Director
Richard H. Matzke	Male	78	Independent Non-executive Director
Lin Boqiang	Male	59	Independent Non-executive Director
Zhang Biyi	Male	62	Independent Non-executive Director

Supervisors

Name	Gender	Age	Position
Guo Jinping	Male	59	Chairman of the Supervisory Committee
Zhang Fengshan	Male	53	Supervisor
Li Qingyi	Male	55	Supervisor
Jia Yimin	Male	56	Supervisor
Jiang Lifu	Male	52	Supervisor
Yang Hua	Male	52	Employee Supervisor
Li Jiamin	Male	52	Employee Supervisor
Li Wendong	Male	52	Employee Supervisor
Liu Xianhua	Male	52	Employee Supervisor

Particulars of other Senior Management

Name	Gender	Age	Position
Sun Longde	Male	54	Vice President
Huang Weihe	Male	58	Vice President
Xu Fugui	Male	58	Vice President
Lin Aiguo	Male	58	Chief Engineer
Wang Lihua	Female	59	Vice President
Wu Enlai	Male	56	Secretary to the Board
Lv Gongxun	Male	58	Vice President
Tian Jinghui	Male	53	Vice President
Zhao Dong	Male	45	Chief Financial Officer

3. Shareholdings of the Directors, Supervisors and Senior Management

As at June 30, 2016, no current Directors, Supervisors or other senior management of the Company or outgoing Directors, Supervisors or other senior management of the Company during the reporting period held any shares of the Company.

RELEVANT INFORMATION ON CORPORATE BONDS

1. Information on Corporate Bonds Issued But Not Yet Due

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

Items	Abbreviated Form	Code	Date of Issue	Maturity Date	Amount (RMB 100 million)	Interest Rate (%)	Mode of Repayment	Stock Exchange for Listing
2012 Corporate Bonds (First Tranche) (5-year term)	12 PetroChina 01	122209.SH	November 22, 2012	November 22, 2017	160	4.55	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2012 Corporate Bonds (First Tranche) (10-year term)	12 PetroChina 02	122210.SH	November 22, 2012	November 22, 2022	20	4.90	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2012 Corporate Bonds (First Tranche) (15-year term)	12 PetroChina 03	122211.SH	November 22, 2012	November 22, 2027	20	5.04	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2013 Corporate Bonds (First Tranche) (5-year term)	13 PetroChina 01	122239.SH	March 15, 2013	March 15, 2018	160	4.47	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2013 Corporate Bonds (First Tranche) (10-year term)	13 PetroChina 02	122240.SH	March 15, 2013	March 15, 2023	40	4.88	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (First Tranche) (5-year term)	16 PetroChina 01	136164.SH	January 19, 2016	January 19, 2021	88	3.03	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange
2016 Corporate Bonds (First Tranche) (10-year term)	16 PetroChina 02	136165.SH	January 19, 2016	January 19, 2026	47	3.50	Annual payment of interests, and one lump sum repayment of principal at maturity	Shanghai Stock Exchange

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

(2) Subscribers

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

(3) Payment of Interests

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

The interests of 2012 Corporate Bonds (First Tranche) formally started to accrue on November 22, 2012. Its first payment date was November 22, 2013. The interests of the 2013 Corporate Bonds (First Tranche) formally started to accrue on March 15, 2013. Its first payment date was March 15, 2014 and its payment date within the reporting period was March 15, 2016 in an amount of RMB910.40 million.

The interests of the 2016 Corporate Bonds (First Tranche) formally started to accrue on January 19, 2016, and its first payment date will be January 19, 2017.

The interests of the 2016 Corporate Bonds (Second Tranche) formally started to accrue on March 3, 2016, and its first payment date will be March 3, 2017.

The interests of the 2016 Corporate Bonds (Third Tranche) formally started to accrue on March 24, 2016, and its first payment date will be March 24, 2017.

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

(1) Bond Trustees

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

Bond Trustee: CITIC Securities Company Limited
Legal Representative: Zhang Youjun
Contact Persons: Wang Chao, Zhou Weifan
Office Address: CITIC Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing
Tel.: 010-60833556
Fax: 010-60833504

2. 2016 Corporate Bonds (First Tranche)

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

3. 2016 Corporate Bonds (Second Tranche)

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

4. 2016 Corporate Bonds (Third Tranche)

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

(2) Credit Rating Agency

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

Credit Rating Agency: United Credit Rating Co., Ltd.
Legal Representative: Wu Jinshan
Contact Persons: Liu Hongtao, Gao Peng
Office Address: 12/F, PICC Building, 2 Jianguomenwai Street, Chaoyang District, Beijing
Tel.: 010-85172818
Fax: 010-85171273

3. Use of Funds Raised By Issuing Corporate Bonds

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

The Company formulated special plans for the use of funds raised by bonds and the relevant business departments carried out strict inspections over the use of such funds to effectively ensure that all funds are used for their designated purposes, to guarantee the smooth operation of the investment, use and audit of funds raised in order to ensure that the funds raised by bonds are used in accordance with the resolution of the shareholders' general meeting and the purpose as disclosed in the offering circular.

4. Information on Follow-up Credit Rating of Bonds

In accordance with the relevant requirements of the PRC regulatory authorities and United Credit Rating Co., Ltd. ("United Rating") in respect of follow-up credit rating, United Rating shall make a regular follow-up credit rating within two months upon the announcement of the Company's annual audit report every year during the terms of all corporate bonds of the Company, and shall also make follow-up credit ratings from time to time based on relevant circumstances during the terms of all corporate bonds of the Company. Investors are reminded to pay close attention to those ratings.

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

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

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

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

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

6. Convening of Meetings of Bond Holders

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

7. Performance of Duties by the Bond Trustees

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

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

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

(3) carrying out overall investigation and paying continuous attention to the solvency and the effectiveness of the credit enhancement measures of the Company, and making an announcement in connection with the report on trusteeship affairs to the market at least once every year; and

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

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

CITIC Securities Company Limited, the bond trustee of the 2012 Corporate Bonds (First Tranche) and the 2013 Corporate Bonds (First Tranche), published the 2015 trusteeship report on June 30, 2016 and such disclosure was made in the Shanghai Stock Exchange.

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

Items	As at June 30, 2016	As at December 31, 2015
Liquidity ratio	0.82	0.74
Quick ratio	0.53	0.47
Asset-liability ratio (%)	43.68	43.85
Items	**The reporting period**	**Same period of the preceding year**
EBITDA interest coverage ratio	14.17	13.02
Loan repayment ratio (%)	100	100
Interest coverage ratio (%)	100	100

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

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

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

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

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

The Company maintains a good long-term partnership with banks and other financial institutions and accordingly obtains relatively high credit lines, resulting in developing a strong indirect debt financing capacity. As at the end of the reporting period, the Company was granted a total amount of RMB172.0 billion credit facilities by a number of financial institutions, of which RMB37.7 billion were used and RMB134.3 billion remained unused.

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

12. Relevant Provisions or Undertakings Stated in the Offering Circular

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

13. Material Matters

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

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2016

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	June 30, 2016 The Group	December 31, 2015 The Group	June 30, 2016 The Company	December 31, 2015 The Company
Current assets					
Cash at bank and on hand	7	102,154	73,692	23,970	12,970
Notes receivable	8	8,940	8,233	6,699	6,745
Accounts receivable	9a	62,675	52,262	10,920	7,362
Advances to suppliers	10	25,621	19,313	10,621	2,986
Other receivables	9b	17,903	14,713	88,257	124,601
Inventories	11	144,482	126,877	93,333	91,912
Other current assets		44,648	54,254	39,852	42,268
Total current assets		406,423	349,344	273,652	288,844
Non-current assets					
Available-for-sale financial assets	12	2,339	2,832	1,442	1,528
Long-term equity investments	13	86,543	70,999	380,575	379,914
Fixed assets	14	659,168	681,561	342,257	356,658
Oil and gas properties	15	829,284	870,350	562,805	596,163
Construction in progress	17	239,327	225,566	126,344	116,889
Construction materials	16	7,504	6,917	3,296	2,843
Intangible assets	18	70,604	71,049	52,364	53,336
Goodwill	19	45,744	45,589	-	-
Long-term prepaid expenses	20	27,083	27,534	20,727	21,411
Deferred tax assets	33	16,593	16,927	12,796	13,490
Other non-current assets		27,880	25,426	13,296	12,312
Total non-current assets		2,012,069	2,044,750	1,515,902	1,554,544
TOTAL ASSETS		2,418,492	2,394,094	1,789,554	1,843,388

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2016 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2016 The Group	December 31, 2015 The Group	June 30, 2016 The Company	December 31, 2015 The Company
Current liabilities					
Short-term borrowings	22	89,698	70,059	69,880	111,045
Notes payable	23	5,990	7,066	5,843	6,610
Accounts payable	24	180,330	202,885	96,804	122,318
Advances from customers	25	55,340	50,930	34,309	36,367
Employee compensation payable	26	9,651	5,900	7,154	3,812
Taxes payable	27	33,906	34,141	21,776	22,517
Other payables	28	64,046	59,933	37,878	22,400
Current portion of non-current liabilities	30	46,845	36,167	19,018	13,049
Other current liabilities		8,668	4,326	7,025	2,550
Total current liabilities		494,474	471,407	299,687	340,668
Non-current liabilities					
Long-term borrowings	31	273,385	329,461	181,846	222,199
Debentures payable	32	141,547	105,014	135,000	98,630
Provisions	29	121,781	117,996	85,576	83,094
Deferred tax liabilities	33	12,838	13,116	-	-
Other non-current liabilities		12,365	12,812	5,873	5,979
Total non-current liabilities		561,916	578,399	408,295	409,902
Total liabilities		1,056,390	1,049,806	707,982	750,570
Shareholders' equity					
Share capital	34	183,021	183,021	183,021	183,021
Capital surplus	35	128,210	128,008	127,834	127,834
Special reserve		14,001	11,648	8,971	7,350
Other comprehensive income	49	(32,106)	(36,277)	583	528
Surplus reserves	36	186,840	186,840	175,748	175,748
Undistributed profits	37	702,702	706,728	585,415	598,337
Equity attributable to equity holders of the Company		1,182,668	1,179,968	1,081,572	1,092,818
Non-controlling interests	38	179,434	164,320	-	-
Total shareholders' equity		1,362,102	1,344,288	1,081,572	1,092,818
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,418,492	2,394,094	1,789,554	1,843,388

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2016 The Group	For the six months ended June 30, 2015 The Group	For the six months ended June 30, 2016 The Company	For the six months ended June 30, 2015 The Company
Operating income	39	739,067	877,624	468,031	546,250
Less: Cost of sales	39	(566,904)	(655,690)	(346,274)	(391,320)
Taxes and levies on operations	40	(92,084)	(102,961)	(80,035)	(91,768)
Selling expenses	41	(29,899)	(30,455)	(20,831)	(20,636)
General and administrative expenses	42	(40,376)	(42,391)	(29,442)	(31,420)
Finance expenses	43	(11,190)	(12,471)	(9,750)	(10,585)
Asset impairment losses	44	(79)	(82)	(12)	15
Add: Investment income	45	27,263	3,789	11,331	13,962
Operating profit / (loss)		25,798	37,363	(6,982)	14,498
Add: Non-operating income	46a	4,188	4,248	2,742	6,267
Less: Non-operating expenses	46b	(3,389)	(3,177)	(2,890)	(2,714)
Profit / (loss) before taxation		26,597	38,434	(7,130)	18,051
Less: Taxation	47	(9,696)	(9,845)	(1,242)	(1,244)
Net profit / (loss)		16,901	28,589	(8,372)	16,807
Attributable to:					
Equity holders of the Company		528	25,404	(8,372)	16,807
Non-controlling interests		16,373	3,185	-	-
Earnings / (Loss) per share					
Basic earnings / (loss) per share (RMB Yuan)	48	0.003	0.139	(0.046)	0.092
Diluted earnings / (loss) per share (RMB Yuan)	48	0.003	0.139	(0.046)	0.092
Other comprehensive income / (loss)		5,758	(4,787)	55	(269)
Other comprehensive income / (loss) attributable to equity holders of the Company, net of tax		4,171	(4,353)	55	(269)
Other comprehensive income / (loss) would be reclassified to profit or loss					
Including:					
Share of other comprehensive income / (loss) of equity-accounted investee		133	(257)	122	(250)
Gains or losses arising from changes in fair value of available-for-sale financial assets		(950)	34	(67)	(19)
Translation differences arising on translation of foreign currency financial statements		4,988	(4,130)	-	-
Other comprehensive income / (loss) attributable to non-controlling interests of the Company, net of tax		1,587	(434)	-	-
Total comprehensive income / (loss)		22,659	23,802	(8,317)	16,538
Attributable to:					
Equity holders of the Company		4,699	21,051	(8,317)	16,538
Non-controlling interests		17,960	2,751	-	-

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2016 The Group	For the six months ended June 30, 2015 The Group	For the six months ended June 30, 2016 The Company	For the six months ended June 30, 2015 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		852,505	1,016,996	534,798	629,323
Refund of taxes and levies		879	1,045	255	252
Cash received relating to other operating activities		1,295	960	1,297	932
Sub-total of cash inflows		854,679	1,019,001	536,350	630,507
Cash paid for goods and services		(516,368)	(640,425)	(296,979)	(356,510)
Cash paid to and on behalf of employees		(53,072)	(53,740)	(37,232)	(37,477)
Payments of taxes and levies		(144,822)	(183,998)	(110,458)	(133,556)
Cash paid relating to other operating activities		(28,575)	(29,902)	(984)	(17,200)
Sub-total of cash outflows		(742,837)	(908,065)	(445,653)	(544,743)
Net cash flows from operating activities	51a	111,842	110,936	90,697	85,764
Cash flows from investing activities					
Cash received from disposal of investments		477	2,559	46,316	686
Cash received from returns on investments		2,802	5,400	2,258	20,475
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		107	162	97	142
Sub-total of cash inflows		3,386	8,121	48,671	21,303
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(85,286)	(106,259)	(62,311)	(78,785)
Cash paid to acquire investments		(1,331)	(2,274)	(18,082)	(1,078)
Sub-total of cash outflows		(86,617)	(108,533)	(80,393)	(79,863)
Net cash flows used for investing activities		(83,231)	(100,412)	(31,722)	(58,560)
Cash flows from financing activities					
Cash received from capital contributions		553	289	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		553	289	-	-
Cash received from borrowings		413,637	375,616	229,625	159,401
Cash received relating to other financing activities		27	43	21	34
Sub-total of cash inflows		414,217	375,948	229,646	159,435
Cash repayments of borrowings		(403,945)	(376,602)	(268,813)	(186,800)
Cash payments for interest expenses and distribution of dividends or profits		(11,434)	(14,630)	(8,808)	(16,608)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(1,279)	(3,181)	-	-
Capital reduction of subsidiaries		(1)	(258)	-	-
Cash payments relating to other financing activities		-	(2,526)	-	-
Sub-total of cash outflows		(415,380)	(394,016)	(277,621)	(203,408)
Net cash flows used for financing activities		(1,163)	(18,068)	(47,975)	(43,973)
Effect of foreign exchange rate changes on cash and cash equivalents		1,101	(121)	-	-
Net increase / (decrease) in cash and cash equivalents	51b	28,549	(7,665)	11,000	(16,769)
Add: Cash and cash equivalents at beginning of the period		72,773	73,778	12,970	38,507
Cash and cash equivalents at end of the period	51c	101,322	66,113	23,970	21,738

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(All amounts in RMB millions unless otherwise stated)

	Shareholders' equity attributable to the Company							
Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2015	183,021	115,492	10,345	(19,725)	184,737	702,140	141,750	1,317,760
Changes in the six months ended June 30, 2015								
Total comprehensive income	-	-	-	(4,353)	-	25,404	2,751	23,802
Special reserve-safety fund reserve								
Appropriation	-	-	3,445	-	-	-	127	3,572
Utilisation	-	-	(862)	-	-	-	(37)	(899)
Profit distribution								
Distribution to shareholders	-	-	-	-	-	(17,572)	(3,559)	(21,131)
Other equity movement								
Equity transaction with non-controlling interests	-	-	-	-	-	-	31	31
Capital contribution from non-controlling interests	-	(16)	-	-	-	-	292	276
Other	-	(2)	77	-	-	(5)	(464)	(394)
Balance at June 30, 2015	183,021	115,474	13,005	(24,078)	184,737	709,967	140,891	1,323,017

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

	Shareholders' equity attributable to the Company							
Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2016	183,021	128,008	11,648	(36,277)	186,840	706,728	164,320	1,344,288
Changes in the six months ended June 30, 2016								
Total comprehensive Income	-	-	-	4,171	-	528	17,960	22,659
Special reserve-safety fund reserve								
Appropriation	-	-	3,015	-	-	-	132	3,147
Utilisation	-	-	(662)	-	-	-	(43)	(705)
Profit distribution								
Distribution to shareholders	-	-	-	-	-	(4,550)	(1,384)	(5,934)
Other equity movement								
Equity transaction with non-controlling interests	-	214	-	-	-	-	(2,024)	(1,810)
Capital contribution from non-controlling interests	-	-	-	-	-	-	595	595
Other	-	(12)	-	-	-	(4)	(122)	(138)
Balance at June 30, 2016	183,021	128,210	14,001	(32,106)	186,840	702,702	179,434	1,362,102

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at January 1, 2015	183,021	127,830	7,027	460	173,645	608,423	1,100,406
Changes in the six months ended June 30, 2015							
Total comprehensive income	-	-	-	(269)	-	16,807	16,538
Special reserve-safety fund reserve							
Appropriation	-	-	2,665	-	-	-	2,665
Utilisation	-	-	(739)	-	-	-	(739)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(17,572)	(17,572)
Other	-	7	77	-	-	(7)	77
Balance at June 30, 2015	183,021	127,837	9,030	191	173,645	607,651	1,101,375
Balance at January 1, 2016	183,021	127,834	7,350	528	175,748	598,337	1,092,818
Changes in the six months ended June 30, 2016							
Total comprehensive income	-	-	-	55	-	(8,372)	(8,317)
Special reserve-safety fund reserve							
Appropriation	-	-	2,196	-	-	-	2,196
Utilisation	-	-	(575)	-	-	-	(575)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(4,550)	(4,550)
Balance at June 30, 2016	183,021	127,834	8,971	583	175,748	585,415	1,081,572

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

Chairman	Vice Chairman and President	Chief Financial Officer
Wang Yilin	Wang Dongjin	Zhao Dong

1 COMPANY BACKGROUND

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by China National Petroleum Corporation ("CNPC") as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

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

2 BASIS OF PREPARATION

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

3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company's financial statements for the six months ended June 30, 2016 truly and completely present the financial position of the Group and the Company as of June 30, 2016 and their financial performance and their cash flows for the six months then ended in compliance with the Accounting Standards for Business Enterprises.

4 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting Period

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

(2) Operating Cycle

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

(3) Recording Currency

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

(4) Measurement Properties

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

(5) Foreign Currency Translation

(a) Foreign currency transactions

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

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

(b) Translation of financial statements represented in foreign currency

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

(6) Cash and Cash Equivalents

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

(7) Financial Instruments

(a) Financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification depends on the Group's intention and the ability to hold the financial assets. The Group has principally receivables, available-for-sale financial assets and limited financial assets at fair value through profit or loss. The detailed accounting policies for receivables, available-for-sale financial assets and financial assets at fair value through profit or loss held by the Group are set out below：

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including accounts receivable, notes receivable, other receivables and cash at bank and on hand.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category at initial recognition or not classified in any of the other categories. They are included in other current assets on the balance sheet if they are intended to be sold within 12 months of the balance sheet date.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mainly financial assets held for the purpose of selling in the short term. They are presented as financial assets held for trading on the balance sheet. Derivatives are also categorized as held for trading unless they are designated as hedges.

(iv) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Related transaction costs of financial assets at fair value through profit or loss are recorded in profit or loss when acquired. Related transaction costs of receivables and available-for-sale financial assets are recognised into the initial recognition costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of ownership have been transferred to the transferee.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. The investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost. Receivables are stated at amortised costs using the effective interest method.

Changes in the fair values of available-for-sale financial assets are recorded into other comprehensive income except for impairment losses and foreign exchange gains and losses arising from the transaction of monetary financial assets denominated in foreign currencies. When the financial asset is derecognised, the cumulative changes in fair value previously recognised in equity will be recognised in profit or loss. The interest of the available-for-sale debt instruments calculated using the effective interest method is recognised as investment income. The cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(v) Impairment of financial assets

The Group assesses the carrying amount of receivables and available-for-sale financial assets at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment provision shall be made.

If a financial asset carried at amortised cost is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that can prove the value of such financial asset has been recovered, and that it is related to events occurring subsequent to the recognition of impairment, the previously recognised impairment losses shall be reversed and the amount of the reversal will be recognised in the income statement.

When there is objective evidence that available-for-sale financial assets is impaired, the cumulative losses that have been recognised in equity as a result of the decline in the fair value shall be removed from equity and recognised as impairment losses in the income statement. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if in a subsequent period the fair value increases and the increase can be objectively related to an event occurring after the impairment losses recognition, the previously recognised impairment losses shall be reversed, and recognised in profit or loss. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, any subsequent increases in its fair value shall be directly recognised in other comprehensive income. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities of the Group primarily comprise payables, loans and debentures payable classified as other financial liabilities.

Payables, including accounts payable, other payables, etc. are initially recognised at fair value, and subsequently measured at amortised costs using the effective interest method.

Loans and debentures payables are initially recognised at fair value less transaction costs, and subsequently measured at amortised costs using the effective interest method.

Other financial liabilities with terms of one year or less than one year are presented as current liabilities; other financial liabilities with terms more than one year but due within one year (including one year) from the balance sheet date are presented as current portion of non-current liabilities; others are presented as non-current liabilities.

A financial liability may not be derecognised, in all or in part, until the present obligations of financial liabilities are all, or partly, dissolved. The difference between the carrying amount of the financial liability at the point of derecognition and the consideration paid shall be included in profit or loss.

(c) Determination of financial instruments' fair value

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

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

(8) Inventories

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

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

Provision for decline in the value of inventories is measured as the excess of the carrying value of the inventories over their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and estimated selling expenses and related taxes.

The Group adopts perpetual inventory system.

(9) Long-term Equity Investments

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

Long-term equity investments acquired through business combinations: For a long-term equity investment acquired through a business combination under common control, the proportionate share of the carrying value of shareholders' equity of the combined entity in the consolidated financial statements of the ultimate controlling party shall be treated as cost of the investment on the acquisition date. For a long-term equity investment acquired through a business combination not under common control, the acquisition costs paid shall be treated as the cost of the investment on acquisition date.

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

(a) Subsidiaries

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

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

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

(b) Joint ventures and associates

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

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

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

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

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

(c) Impairment of long-term equity investments

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

(10) Fixed Assets

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

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

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

(All amounts in RMB millions unless otherwise stated)

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

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

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

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

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

(11) Oil and Gas Properties

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

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

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

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

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

(12) Construction in progress

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

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

(13) Intangible Assets

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

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

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

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

(14) Research and Development

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

· In respect of the technology, it is feasible to finish the intangible asset for use or sale;

· It is intended by management to finish and use or sell the intangible asset;

· It is able to prove that the intangible asset is to generate economic benefits;

· With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and

· The costs attributable to the development of the intangible asset can be reliably measured.

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

(15) Long-term Prepaid Expenses

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

(16) Impairment of Non-current Assets

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

The goodwill presented separately in financial statements should be subject to impairment assessment at least on an annual basis regardless whether there exists any indicators of impairment. Where the impairment assessment indicates that, for the cash-generating unit (that includes the allocated goodwill), the recoverable amount is lower than the carrying value, then an impairment loss will be recorded.

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

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

(17) Borrowing Costs

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

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

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

(18) Employee Compensation

(a) Short-term benefits

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

(b) Post-employment benefits-Defined Contribution Plans

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

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

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

(19) Provisions

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

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

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

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

(20) Deferred Tax Assets and Deferred Tax Liabilities

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

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

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

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

· Deferred tax assets and liabilities are related to the income tax of the same entity within the Group levied by the same authority;

· This entity is legally allowed to settle its current tax assets and liabilities on a net basis.

(21) Revenue Recognition

The amount of revenue is determined in accordance with the fair value of the contractual consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when specific criteria have been met for each of the Group's activities as described below:

(a) Sales of goods

Revenue from sales of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, and retains neither continuing managerial involvement nor effective control over the goods sold, and it is probable that the economic benefits associated with the transaction will flow to the Group and related revenue and cost can be measured reliably.

(b) Rendering of services

The Group recognises its revenue from rendering of services under the percentage-of-completion method. Under the percentage-of-completion method, revenue is recognised based on the costs incurred to date as a percentage of the total estimated costs to be incurred.

(c) Transfer of the assets use rights

Interest income is recognised on a time-proportion basis using the effective interest method.

Revenue from operating lease is recognised using the straight-line method over the period of the lease.

(22) Leases

Leases that transfer substantially all the risks and rewards incidental to ownership of assets are classified as finance lease; other leases are operating leases. The Group has no significant finance lease.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(23) Dividend Distribution

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

(24) Business Combination

(a) Business combination under common control

The net assets obtained by the acquirer are measured based on their carrying value in the consolidated financial statement of the ultimate controlling party at the combination date. The difference between the carrying value of the net assets obtained and the carrying value of the consideration is adjusted against the capital surplus. If the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

Costs incurred directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired.

(b) Business combination not under common control

The acquisition costs paid and the identifiable net assets acquired by the acquirer are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised directly in profit or loss.

Costs which are directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired.

(25) Basis of Preparation of Consolidated Financial Statements

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Subsidiaries acquired through business combination under common control are consolidated from the day when they are under common control with the Company of the ultimate controlling party, and their net profit earned before the combination date shall be presented separately in the consolidated income statement.

When the accounting policies and accounting periods of subsidiaries are not consistent with those of the Company, the Company will make necessary adjustments to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods. The financial statements of the subsidiaries acquired from the business combination not under common control are adjusted on the basis of the fair value of the identifiable net assets at the acquisition date when preparing the consolidated financial statements.

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

(26) Segment Reporting

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

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

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

(27) Critical Accounting Estimates and Judgements

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

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

(a) Estimation of oil and natural gas reserves

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

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

Fixed assets and oil and gas properties are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future price of crude oil, refined and chemical products and the production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, or not updating assumptions previously made, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired.

(c) Estimation of asset retirement obligations

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

(All amounts in RMB millions unless otherwise stated)

5 TAXATION

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

Types of taxes	Tax rate	Tax basis and method
Value Added Tax (the "VAT")	6%, 11%, 13% or 17%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	6%	Based on the revenue from sales of crude oil and natural gas.
Business Tax	3%	Based on income generated from transportation of crude oil and natural gas.
Consumption Tax	Based on quantities	Based on sales quantities of taxable products. RMB 1.4 or RMB 1.52 yuan per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB 1.1 or RMB 1.2 yuan per litre for diesel and fuel oil.
Corporate Income Tax	15% or 25%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual paid business tax, VAT and consumption tax.

In accordance with the Notice on Further Raising the Refined Oil Consumption Tax (Cai Shui [2015] No. 11) jointly issued by the MOF and the SAT, the unit amount of the consumption tax on gasoline, naphtha, solvent oil and the lubricating oil and that on diesel, jet fuel and fuel oil is raised from RMB 1.4 yuan per litre to RMB 1.52 yuan per litre and from RMB 1.1 yuan per litre to RMB 1.2 yuan per litre, respectively, commencing from January 13, 2015. Collection of tax on jet fuel continues to be suspended.

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

(All amounts in RMB millions unless otherwise stated)

6 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Principal subsidiaries

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

(i) The Company consolidated the financial statements of the entity because the Company controls the entity, decides the entity's financial and operating policies, and has the authority to obtain benefits from its operating activities.

(ii) The registered capital of PetroChina International Company Limited increased to RMB 18,096 from RMB 14,000 in June 2016.

(iii) The registered capital of PetroChina Pipelines Co., Ltd. increased to RMB 80,000 from RMB 50 in February 2016.

(All amounts in RMB millions unless otherwise stated)

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

Company name	Assets and liabilities June 30, 2016	Assets and liabilities December 31, 2015
PetroKazakhstan Inc.	USD 1= RMB 6.6312 yuan	USD 1= RMB 6.4936 yuan
PetroChina Hong Kong Limited	HKD 1= RMB 0.8547 yuan	HKD 1= RMB 0.8378 yuan
Singapore Petroleum Company Limited	USD 1= RMB 6.6312 yuan	USD 1= RMB 6.4936 yuan

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

7 CASH AT BANK AND ON HAND

	June 30, 2016	December 31, 2015
Cash on hand	42	59
Cash at bank	100,738	72,479
Other cash balances	1,374	1,154
	102,154	73,692

The Group's cash at bank and on hand included the following foreign currencies as of June 30, 2016:

	Foreign currency	Exchange rate	RMB equivalent
USD	7,367	6.6312	48,852
HKD	1,838	0.8547	1,571
Tenge	10,379	0.0196	203
Other			1,385
			52,011

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2015:

	Foreign currency	Exchange rate	RMB equivalent
USD	4,865	6.4936	31,591
HKD	1,881	0.8378	1,576
Tenge	13,541	0.0190	257
Other			889
			34,313

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

(All amounts in RMB millions unless otherwise stated)

8 NOTES RECEIVABLE

Notes receivable represents mainly bills of acceptance issued by banks for the sale of goods and products.

As of June 30, 2016, all notes receivable of the Group are due within one year.

9 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

(a) Accounts receivable

	Group		Company	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Accounts receivable	63,197	52,785	11,261	7,705
Less: Provision for bad debts	(522)	(523)	(341)	(343)
	62,675	52,262	10,920	7,362

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

	Group					
	June 30, 2016			December 31, 2015		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	58,798	94	-	49,525	95	(32)
1 to 2 years	3,283	5	(32)	2,307	4	(76)
2 to 3 years	294	-	(77)	239	-	-
Over 3 years	822	1	(413)	714	1	(415)
	63,197	100	(522)	52,785	100	(523)

	Company					
	June 30, 2016			December 31, 2015		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	10,593	94	-	7,057	92	-
1 to 2 years	99	1	-	86	1	-
2 to 3 years	24	-	-	11	-	-
Over 3 years	545	5	(341)	551	7	(343)
	11,261	100	(341)	7,705	100	(343)

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2016, the top five debtors of accounts receivable of the Group amounted to RMB 23,409, representing 37% of total accounts receivable.

During the six months ended June 30, 2016 and the six months ended June 30, 2015, the Group had no significant write-off of the provision for bad debts of accounts receivable.

(b) Other receivables

	Group		Company	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Other receivables	20,306	17,124	88,839	125,192
Less: Provision for bad debts	(2,403)	(2,411)	(582)	(591)
	17,903	14,713	88,257	124,601

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

	Group					
	June 30, 2016			December 31, 2015		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	13,584	67	(7)	12,587	74	(27)
1 to 2 years	2,808	14	(41)	546	3	(3)
2 to 3 years	300	1	(1)	498	3	(1)
Over 3 years	3,614	18	(2,354)	3,493	20	(2,380)
	20,306	100	(2,403)	17,124	100	(2,411)

	Company					
	June 30, 2016			December 31, 2015		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	85,354	96	-	123,589	99	-
1 to 2 years	2,185	3	(3)	318	-	(3)
2 to 3 years	130	-	-	145	-	-
Over 3 years	1,170	1	(579)	1,140	1	(588)
	88,839	100	(582)	125,192	100	(591)

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2016, the top five debtors of other receivables of the Group amounted to RMB 8,596, representing 42% of total other receivables.

During the six months ended June 30, 2016 and the six months ended June 30, 2015, the Group had no significant write-off of the provision for bad debts of other receivables.

10 ADVANCES TO SUPPLIERS

	June 30, 2016	December 31, 2015
Advances to suppliers	25,654	19,334
Less: Provision for bad debts	(33)	(21)
	25,621	19,313

As of June 30, 2016 and December 31, 2015, advances to suppliers of the Group are mainly aged within one year.

As of June 30, 2016, the top five debtors of advances to suppliers of the Group amounted to RMB 17,616, representing 69% of total advances to suppliers.

11 INVENTORIES

	June 30, 2016	December 31, 2015
Cost		
Crude oil and other raw materials	42,955	42,605
Work in progress	8,202	8,426
Finished goods	95,035	79,502
Turnover materials	53	45
	146,245	130,578
Less: Write down in inventories	(1,763)	(3,701)
Net book value	144,482	126,877

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015
Available-for-sale debenture	193	383
Available-for-sale equity instrument	2,538	2,835
Less: Provision for impairment	(392)	(386)
	2,339	2,832

(All amounts in RMB millions unless otherwise stated)

13 LONG-TERM EQUITY INVESTMENTS

	Group			
	December 31, 2015	Addition	Reduction	June 30, 2016
Associates and joint ventures (a)	71,239	18,154	(2,532)	86,861
Less : Provision for impairment (b)	(240)	(78)	-	(318)
	70,999			86,543

	Company			
	December 31, 2015	Addition	Reduction	June 30, 2016
Subsidiaries (c)	348,437	7,518	(8,767)	347,188
Associates and joint ventures	31,690	3,402	(1,492)	33,600
Less : Provision for impairment	(213)			(213)
	379,914			380,575

As of June 30, 2016, the above-mentioned investments are not subject to restriction on conversion into cash or remittance of investment income.

(All amounts in RMB millions unless otherwise stated)

(a) Principal associates and joint ventures of the Group

Company name	Country of incorpo-ration	Principal activities	Registered capital	Interest held% Direct	Interest held% Indirect	Voting rights %	Account-ing method	Strategic decisions relating to the Group's activities
Dalian West Pacific Petrochemical Co., Ltd.	PRC	Production and sale of petroleum and petrochemical products	USD 258 million	28.44	-	28.44	Equity method	No
China Marine Bunker (PetroChina) Co., Ltd.	PRC	Oil import and export trade and transportation, sale and storage	1,000	-	50.00	50.00	Equity method	No
China Petroleum Finance Co., Ltd.	PRC	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	5,441	49.00	-	49.00	Equity method	No
Arrow Energy Holdings Pty Ltd.	Australia	Exploration, development and sale of coalbed methane	AUD 2	-	50.00	50.00	Equity method	No
CNPC Captive Insurance Co., Ltd.	PRC	Property loss insurance, liability insurance, credit insurance and deposit insurance; as well as the application of the above insurance reinsurance and insurance capital business	5,000	49.00	-	49.00	Equity method	No
Trans-Asia Gas Pipeline Co., Ltd.(i)	PRC	Main contractor, investment holding, investment management, investment consulting, enterprise management advisory, technology development, promotion and technology consulting	5,000	-	50.00	50.00	Equity method	No

(i) On November 24, 2015, the board of directors of the Company approved the sale by CNPC Exploration and Development Co., Ltd. ("CNPC E&D"), one of the Company's subsidiaries, of its 50% equity interest in Trans-Asia Gas Pipeline Co., Ltd. to CNIC Corporation Limited for a consideration equivalent to RMB14,671. The transaction has been closed in the second quarter of 2016.

(All amounts in RMB millions unless otherwise stated)

Investments in principal associates and joint ventures are listed below:

	Investment cost	December 31, 2015	Addition	Reduction	Share of profit of equity-accounted investee	Share of other equity movement of equity-accounted investee	Cash dividend declared	Currency translation differences	June 30, 2016
Dalian West Pacific Petrochemical Co., Ltd.	566	-	-	-	-	-	-	-	-
China Marine Bunker (PetroChina) Co., Ltd.	740	1,208	-	-	22	12	-	-	1,242
China Petroleum Finance Co., Ltd.	9,917	21,698	-	-	2,174	109	(456)	-	23,525
Arrow Energy Holdings Pty Ltd.	19,407	5,229	-	-	(354)	360	-	71	5,306
CNPC Captive Insurance Co., Ltd.	2,450	2,675	-	-	75	2	-	-	2,752
Trans-Asia Gas Pipeline Co., Ltd.	14,527	-	14,527	-	3	(10)	-	-	14,520

(All amounts in RMB millions unless otherwise stated)

Interest in associates

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

	Dalian West Pacific Petrochemical Co., Ltd.		China Petroleum Finance Co., Ltd.		CNPC Captive Insurance Co., Ltd.	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Percentage ownership interest(%)	28.44	28.44	49.00	49.00	49.00	49.00
Current assets	3,956	4,214	307,476	351,516	2,340	2,272
Non-current assets	4,244	4,180	317,478	288,537	8,826	8,095
Current liabilities	7,153	8,248	534,129	544,674	5,548	4,907
Non-current liabilities	7,583	7,000	43,527	51,809	1	-
Net (liabilities) / assets	(6,536)	(6,854)	47,298	43,570	5,617	5,460
Group's share of net assets	-	-	23,176	21,349	2,752	2,675
Goodwill	-	-	349	349	-	-
Carrying amount of interest in associates	-	-	23,525	21,698	2,752	2,675

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

	Dalian West Pacific Petrochemical Co., Ltd.		China Petroleum Finance Co., Ltd.		CNPC Captive Insurance Co., Ltd.	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Operating income	8,524	8,233	7,291	7,268	253	251
Net (loss) / profit	(337)	(505)	4,437	2,686	153	154
Other comprehensive income / (loss)	-	-	222	(510)	5	-
Total comprehensive (loss) / income	(337)	(505)	4,659	2,176	158	154
Group's share of total comprehensive income	-	-	2,283	1,066	77	76
Dividends received by the Group	-	-	456	-	-	-

(All amounts in RMB millions unless otherwise stated)

Interest in joint ventures

Summarised balance sheet in respect of the Group's principal joint ventures and reconciliation to carrying amount is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Arrow Energy Holdings Pty Ltd.		Trans-Asia Gas Pipeline Co., Ltd.
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016
Percentage ownership interest(%)	50.00	50.00	50.00	50.00	50.00
Non-current assets	2,041	2,076	34,688	34,902	27,318
Current assets	5,077	4,653	601	597	4,249
Including: cash and cash equivalents	1,421	1,703	353	355	4,237
Non-current liabilities	684	691	23,941	23,595	2,100
Current liabilities	3,706	3,399	655	1,365	428
Net assets	2,728	2,639	10,693	10,539	29,039
Net assets attributable to owners of the Company	2,484	2,416	10,693	10,539	29,039
Group's share of net assets	1,242	1,208	5,347	5,270	14,520
Elimination of transactions with the Group	-	-	(41)	(41)	-
Carrying amount of interest in joint ventures	1,242	1,208	5,306	5,229	14,520

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

	China Marine Bunker (PetroChina) Co., Ltd.		Arrow Energy Holdings Pty Ltd.		Trans-Asia Gas Pipeline Co., Ltd.
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015	From settlement date to June 30, 2016
Operating income	8,940	12,437	516	532	-
Finance expenses	(17)	(26)	(358)	(726)	(5)
Including: Interest income	5	9	3	4	16
Interest expense	(23)	(29)	(631)	(596)	(13)
Taxation	(18)	(12)	-	-	-
Net profit / (loss)	49	51	(708)	(1,118)	7
Other comprehensive income / (loss)	35	124	719	(1,147)	(20)
Total comprehensive income / (loss)	84	175	11	(2,265)	(13)
Total comprehensive income / (loss) by share	42	69	6	(1,133)	(7)
Elimination of unrealised profit	-	-	-	-	-
Group's share of total comprehensive income / (loss)	42	69	6	(1,133)	(7)
Dividends received by the Group	-	-	-	-	-

(All amounts in RMB millions unless otherwise stated)

(b) Provision for impairment

	June 30, 2016	December 31, 2015
Associates and joint ventures		
North China Petroleum Steel Pipe Co., Ltd.	(78)	-
Gansu Hongyang Chemical Industry Co., Ltd.	(69)	(69)
PetroChina Shouqi Sales Company Limited	(60)	(60)
PetroChina Beiqi Sales Company Limited	(49)	(49)
Other	(62)	(62)
	(318)	(240)

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2015	Addition	Deduction	June 30, 2016
Daqing Oilfield Company Limited	66,720	66,720	-	-	66,720
CNPC Exploration and Development Company Limited	23,778	23,778	-	-	23,778
PetroChina Hong Kong Limited	25,590	25,590	-	-	25,590
PetroChina International Investment Company Limited	31,314	31,314	-	-	31,314
PetroChina International Company Limited	18,953	14,857	4,096	-	18,953
PetroChina Pipelines Company Limited	109,216	109,216	-	-	109,216
Other		76,962	3,422	(8,767)	71,617
Total		348,437	7,518	(8,767)	347,188

(All amounts in RMB millions unless otherwise stated)

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

Summarised balance sheet is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Percentage ownership interest(%)	50.00	50.00	72.26	72.26
Current assets	35,214	36,052	13,452	16,268
Non-current assets	118,164	112,383	230,952	263,268
Current liabilities	14,610	28,551	28,323	54,297
Non-current liabilities	9,878	15,414	10,288	30,492
Net assets	128,890	104,470	205,793	194,747

Summarised statement of comprehensive income is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited (note)
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Operating income	12,267	18,407	21,456
Net profit	21,227	965	10,747
Total comprehensive income	24,420	453	10,747
Profit attributable to non-controlling interests	10,658	559	2,981
Dividends paid to non-controlling interests	-	-	-

Note : PetroChina Pipelines Company Limited was established in November, 2015.

Summarised statement of cash flow is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Pipelines Company Limited (note)
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016
Net cash inflow from operating activities	3,829	2,880	14,296

Note : PetroChina Pipelines Company Limited was established in November, 2015.

(All amounts in RMB millions unless otherwise stated)

14 FIXED ASSETS

	December 31, 2015	Addition	Reduction	June 30, 2016
Cost				
Buildings	205,204	2,753	(759)	207,198
Equipment and Machinery	953,331	4,700	(422)	957,609
Motor Vehicles	29,586	14	(302)	29,298
Other	21,018	327	(36)	21,309
Total	1,209,139	7,794	(1,519)	1,215,414
Accumulated depreciation				
Buildings	(73,384)	(4,668)	326	(77,726)
Equipment and Machinery	(393,029)	(23,534)	268	(416,295)
Motor Vehicles	(18,553)	(849)	265	(19,137)
Other	(10,640)	(516)	26	(11,130)
Total	(495,606)	(29,567)	885	(524,288)
Fixed assets, net				
Buildings	131,820			129,472
Equipment and Machinery	560,302			541,314
Motor Vehicles	11,033			10,161
Other	10,378			10,179
Total	713,533			691,126
Provision for impairment				
Buildings	(3,520)	(3)	2	(3,521)
Equipment and Machinery	(28,286)	-	15	(28,271)
Motor Vehicles	(66)	-	-	(66)
Other	(100)	-	-	(100)
Total	(31,972)	(3)	17	(31,958)
Net book value				
Buildings	128,300			125,951
Equipment and Machinery	532,016			513,043
Motor Vehicles	10,967			10,095
Other	10,278			10,079
Total	681,561			659,168

Depreciation charged to profit or loss provided on fixed assets for the six months ended June 30, 2016 was RMB 28,976. Cost transferred from construction in progress to fixed assets was RMB 6,275.

As of June 30, 2016, the Group's fixed assets under operating leases are mainly equipment and machinery, the net book value of which amounted to RMB 397.

As of June 30, 2016, the Group has no significant fixed assets which are pledged.

(All amounts in RMB millions unless otherwise stated)

15 OIL AND GAS PROPERTIES

	December 31, 2015	Addition	Reduction	June 30, 2016
Cost				
Mineral interests in proved properties	34,318	1,641	(161)	35,798
Mineral interests in unproved properties	33,966	1,764	-	35,730
Wells and related facilities	1,731,825	31,295	(127)	1,762,993
Total	1,800,109	34,700	(288)	1,834,521
Accumulated depletion				
Mineral interests in proved properties	(5,305)	(811)	-	(6,116)
Wells and related facilities	(889,108)	(74,093)	56	(963,145)
Total	(894,413)	(74,904)	56	(969,261)
Oil and gas properties, net				
Mineral interests in proved properties	29,013			29,682
Mineral interests in unproved properties	33,966			35,730
Wells and related facilities	842,717			799,848
Total	905,696			865,260
Provision for impairment				
Mineral interests in proved properties	(355)	(33)	-	(388)
Mineral interests in unproved properties	(4,212)	(397)	-	(4,609)
Wells and related facilities	(30,779)	(201)	1	(30,979)
Total	(35,346)	(631)	1	(35,976)
Net book value				
Mineral interests in proved properties	28,658			29,294
Mineral interests in unproved properties	29,754			31,121
Wells and related facilities	811,938			768,869
Total	870,350			829,284

Depletion charged to profit or loss provided on oil and gas properties for the six months ended June 30, 2016 was RMB 72,678.

As of June 30, 2016, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB 92,601. Related depletion charge for the six months ended June 30, 2016 was RMB 5,121.

16 CONSTRUCTION MATERIALS

The Group's construction materials mainly represent the actual cost of materials purchased for construction projects.

(All amounts in RMB millions unless otherwise stated)

17 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2015	Addition	Transferred to fixed assets or oil and gas properties	Other Reduction	June 30, 2016	Proportion of construction compared to budget %	Capitalised interest expense	Including: capitalised interest expense for current year	Source of fund
Yunnan 10 million tons crude oil per year refinery project	20,080	16,496	862	(44)	-	17,314	88%	403	110	Self& loan
Jinzhou-Zhengzhou Refined oil pipeline	8,241	6,017	307	-	-	6,324	77%	288	75	Self& loan
East of Third West-East Gas Pipeline (Ji'an-Fuzhou)	14,830	9,379	373	(2)	-	9,750	65%	39	11	Self& loan
Other		197,466	48,665	(31,390)	(4,698)	210,043		5,927	654	
		229,358	50,207	(31,436)	(4,698)	243,431		6,657	850	
Less: Provision for impairment		(3,792)				(4,104)				
		225,566				239,327				

For the six months ended June 30, 2016, the capitalised interest expense amounted to RMB 850 (for the six months ended June 30, 2015: RMB 1,347). The annual interest rates used to determine the capitalised amount are 4.28%.

(All amounts in RMB millions unless otherwise stated)

18 INTANGIBLE ASSETS

	December 31, 2015	Addition	Reduction	June 30, 2016
Cost				
Land use rights	64,539	1,074	(141)	65,472
Patents	4,470	18	-	4,488
Other (i)	29,813	751	(18)	30,546
Total	98,822	1,843	(159)	100,506
Accumulated amortisation				
Land use rights	(11,337)	(1,040)	18	(12,359)
Patents	(3,146)	(118)	-	(3,264)
Other	(12,604)	(997)	8	(13,593)
Total	(27,087)	(2,155)	26	(29,216)
Intangible assets, net				
Land use rights	53,202			53,113
Patents	1,324			1,224
Other	17,209			16,953
Total	71,735			71,290
Provision for impairment	(686)	-	-	(686)
Net book value	71,049			70,604

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

Amortisation charged to profit or loss provided on intangible assets for the six months ended June 30, 2016 was RMB 2,084.

Research and development expenditures for the six months ended June 30, 2016 amounted to RMB 6,326 (for the six months ended June 30, 2015: RMB 7,633), which have been recognised in profit or loss.

19 GOODWILL

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

(All amounts in RMB millions unless otherwise stated)

20 LONG-TERM PREPAID EXPENSES

	December 31, 2015	Addition	Reduction	June 30, 2016
Advance lease payments (i)	17,841	1,256	(1,414)	17,683
Other	9,693	619	(912)	9,400
Total	27,534	1,875	(2,326)	27,083

(i) Advance lease payments are principally for use of land sub-leased from entities other than the PRC land authorities.

Amortisation charged to profit or loss provided on long-term prepaid expenses for the six months ended June 30, 2016 was RMB 2,244.

21 PROVISION FOR ASSETS

	December 31, 2015	Addition	Reversal	Write-off and others	June 30, 2016
Bad debts provision	2,955	12	(10)	1	2,958
Including:					
Bad debts provision for accounts receivable	523	-	(2)	1	522
Bad debts provision for other receivables	2,411	-	(8)	-	2,403
Bad debts provision for advances to suppliers	21	12	-	-	33
Provision for declines in the value of inventories	3,701	15	(26)	(1,927)	1,763
Provision for impairment of available-for-sale financial assets	386	5	-	1	392
Provision for impairment of long-term equity investments	240	78	-	-	318
Provision for impairment of fixed assets	31,972	-	-	(14)	31,958
Provision for impairment of oil and gas properties	35,346	-	-	630	35,976
Provision for impairment of construction in progress	3,792	5	-	307	4,104
Provision for impairment of intangible assets	686	-	-	-	686
Provision for impairment of other non-current assets	97	-	-	-	97
Total	79,175	115	(36)	(1,002)	78,252

22 SHORT-TERM BORROWINGS

	June 30, 2016	December 31, 2015
Guarantee - RMB	137	-
Guarantee - USD	4,481	1,128
Unsecured - RMB	47,068	46,516
Unsecured - USD	32,636	17,212
Unsecured - JPY	3,255	2,926
Unsecured - Other	2,121	2,277
	89,698	70,059

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2016, the above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries.

The weighted average interest rate for short-term borrowings as of June 30, 2016 is 2.38% per annum (December 31, 2015: 2.51%).

23 NOTES PAYABLE

As of June 30, 2016 and December 31, 2015, notes payable mainly represented commercial acceptance. All notes payable are matured within one year.

24 ACCOUNTS PAYABLE

As of June 30, 2016, accounts payable aged over one year amounted to RMB 32,697 (December 31, 2015: RMB 33,250), and mainly comprised of payables to several suppliers and were not settled.

25 ADVANCES FROM CUSTOMERS

As of June 30, 2016, advances from customers mainly represented the sales of natural gas, crude oil and refined oil, etc. The advances from customers aged over one year amounted to RMB 5,392 (December 31, 2015: RMB 4,007).

26 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2015	Addition	Reduction	June 30, 2016
Short-term employee benefits	5,707	48,852	(45,110)	9,449
Post-employment benefits - defined contribution plans	178	8,908	(8,897)	189
Termination benefits	15	19	(21)	13
	5,900	57,779	(54,028)	9,651

(All amounts in RMB millions unless otherwise stated)

(2) Short-term employee benefits

	December 31, 2015	Addition	Reduction	June 30, 2016
Wages, salaries and allowances	1,904	37,036	(33,961)	4,979
Staff welfare	1	2,464	(2,437)	28
Social security contributions	663	4,055	(3,947)	771
Including:				
Medical insurance	627	3,544	(3,436)	735
Work-related injury insurance	28	340	(341)	27
Maternity insurance	8	164	(164)	8
Housing provident funds	55	3,926	(3,911)	70
Labour union funds and employee education funds	2,923	1,338	(820)	3,441
Other	161	33	(34)	160
	5,707	48,852	(45,110)	9,449

(3) Post-employment benefits - defined contribution plans

	December 31, 2015	Addition	Reduction	June 30, 2016
Basic pension insurance	117	6,728	(6,722)	123
Unemployment insurance	32	415	(413)	34
Annuity	29	1,765	(1,762)	32
	178	8,908	(8,897)	189

As of June 30, 2016, employee benefits payable did not contain any balance in arrears.

27 TAXES PAYABLE

	June 30, 2016	December 31, 2015
Income tax payable	8,969	7,879
Consumption tax payable	11,301	13,593
Crude oil special gain levy payable	71	71
Other	13,565	12,598
	33,906	34,141

(All amounts in RMB millions unless otherwise stated)

28 OTHER PAYABLES

As of June 30, 2016, other payables mainly comprised loans borrowed from related parties, deposits and payments made on behalf, and other payables aged over one year amounted to RMB 11,319 (December 31, 2015: RMB 12,404).

29 PROVISIONS

	December 31, 2015	Addition	Reduction	June 30, 2016
Assets retirement obligations	117,996	3,805	(20)	121,781

Assets retirement obligations are related to oil and gas properties.

30 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2016	December 31, 2015
Long-term borrowings due within one year		
Guarantee – RMB	-	735
Guarantee – USD	6,047	5,921
Guarantee – Other	12	25
Impawn – RMB	52	47
Unsecured – RMB	8,509	18,983
Unsecured – USD	13,595	9,956
Unsecured – Other	-	2
	28,215	35,669
Debentures payable due within one year	18,630	498
	46,845	36,167

The above-mentioned guaranteed borrowings due within one year were mainly guaranteed by CNPC and its subsidiaries.

(All amounts in RMB millions unless otherwise stated)

31 LONG-TERM BORROWINGS

	June 30, 2016	December 31, 2015
Guarantee – RMB	130	780
Guarantee – USD	32,475	30,612
Guarantee – Other	2,305	105
Impawn – RMB	62	104
Unsecured – RMB	206,561	266,495
Unsecured – USD	59,360	64,844
Unsecured – Other	707	2,190
	301,600	365,130
Less: Long-term borrowings due within one year (Note 30)	(28,215)	(35,669)
	273,385	329,461

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

The above-mentioned impawned RMB borrowings were impawned by stock equity of a net book value of RMB 107.

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

	June 30, 2016	December 31, 2015
Between one and two years	72,572	64,459
Between two and five years	136,736	186,009
After five years	64,077	78,993
	273,385	329,461

The weighted average interest rate for long-term borrowings as of June 30, 2016 is 3.75% (December 31, 2015: 3.76%).

The fair values of long-term borrowings amounted to RMB 299,565 (December 31, 2015: RMB 359,059). The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates as at balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned borrowings).

(All amounts in RMB millions unless otherwise stated)

32 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of Debentures	Annual interest rate%	December 31, 2015	Addition	Reduction	June 30, 2016
2010 PetroChina Company Limited first tranche medium-term notes	February 5, 2010	7 - year	4.60	11,000	-	-	11,000
2010 PetroChina Company Limited second tranche medium-term notes (i)	May 19, 2010	7 - year	3.65	7,630	-	-	7,630
2012 PetroChina Company Limited Corporate Debentures first tranche - 5 years	November 22, 2012	5 - year	4.55	16,000	-	-	16,000
2012 PetroChina Company Limited Corporate Debentures first tranche - 10 years	November 22, 2012	10 - year	4.90	2,000	-	-	2,000
2012 PetroChina Company Limited Corporate Debentures first tranche - 15 years	November 22, 2012	15 - year	5.04	2,000	-	-	2,000
2013 PetroChina Company Limited Corporate Debentures first tranche - 5 years	March 15, 2013	5 - year	4.47	16,000	-	-	16,000
2013 PetroChina Company Limited Corporate Debentures first tranche - 10 years	March 15, 2013	10 - year	4.88	4,000	-	-	4,000
2015 PetroChina Company Limited first tranche medium-term notes	May 4, 2015	3 - year	4.03	20,000	-	-	20,000
2015 PetroChina Company Limited second tranche medium-term notes	October 9, 2015	5 - year	3.85	20,000	-	-	20,000
Kunlun Energy Company Limited priority notes - 5 years	May 13, 2015	5 - year	2.88	3,192	81	-	3,273
Kunlun Energy Company Limited priority notes - 10 years	May 13, 2015	10 - year	3.75	3,192	82	-	3,274
2016 PetroChina Company Limited Corporate Debentures first tranche - 5 years	January 19, 2016	5 - year	3.03	-	8,800	-	8,800
2016 PetroChina Company Limited Corporate Debentures first tranche - 10 years	January 19, 2016	10 - year	3.50	-	4,700	-	4,700
2016 PetroChina Company Limited Corporate Debentures second tranche - 5 years	March 3, 2016	5 - year	3.15	-	12,700	-	12,700
2016 PetroChina Company Limited Corporate Debentures second tranche - 10 years	March 3, 2016	10 - year	3.70	-	2,300	-	2,300
2016 PetroChina Company Limited Corporate Debentures third tranche - 5 years	March 24, 2016	5 - year	3.08	-	9,500	-	9,500
2016 PetroChina Company Limited Corporate Debentures third tranche - 10 years	March 24, 2016	10 - year	3.60	-	2,000	-	2,000
2016 PetroChina Company Limited first tranche medium-term notes	May 11, 2016	5 - year	3.45	-	15,000	-	15,000
Other				498	-	(498)	-
				105,512	55,163	(498)	160,177
Less: Debentures Payable due within one year (Note 30)				(498)			(18,630)
				105,014			141,547

(i) The 2010 PetroChina Company Limited second tranche medium-term notes has a term of 7 years, with an option to determine the interest rate for the issuer and a put option for the investors at the end of the fifth year.

(All amounts in RMB millions unless otherwise stated)

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

As of June 30, 2016, the above-mentioned debentures which were guaranteed by CNPC and its subsidiaries amounted to RMB 40,000 (December 31, 2015: RMB 40,000).

The fair values of the debentures amounted to RMB 162,208 (December 31, 2015: RMB 106,789). The fair values are based on discounted cash flows using an applicable discount rate based upon the prevailing market rates as at the balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned debentures payable).

33 DEFERRED TAX ASSETS AND LIABILITIES

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

(a) Deferred tax assets

	June 30, 2016		December 31, 2015	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for impairment of assets	7,522	34,228	8,179	37,333
Wages and welfare	1,400	6,351	1,005	4,522
Carry forward of losses	29,248	244,216	29,712	252,872
Other	14,832	59,244	15,127	62,133
	53,002	344,039	54,023	356,860

(b) Deferred tax liabilities

	June 30, 2016		December 31, 2015	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of fixed assets and oil and gas properties	35,160	129,973	37,032	139,988
Other	14,087	67,924	13,180	59,242
	49,247	197,897	50,212	199,230

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

	June 30, 2016	December 31, 2015
Deferred tax assets	16,593	16,927
Deferred tax liabilities	12,838	13,116

(All amounts in RMB millions unless otherwise stated)

34 SHARE CAPITAL

	June 30, 2016	December 31, 2015
H shares	21,099	21,099
A shares	161,922	161,922
	183,021	183,021

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

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

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

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

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

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

35 CAPITAL SURPLUS

	December 31, 2015	Addition	Reduction	June 30, 2016
Capital premium	85,656	214	-	85,870
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Other	1,397	4	(16)	1,385
	128,008	218	(16)	128,210

(All amounts in RMB millions unless otherwise stated)

36 SURPLUS RESERVES

	December 31, 2015	Addition	Reduction	June 30, 2016
Statutory Surplus Reserves	186,800	-	-	186,800
Discretionary Surplus Reserves	40	-	-	40
	186,840	-	-	186,840

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

The Discretionary Surplus Reserves is approved by a resolution of shareholders' general meeting after Board of Directors' proposal. The Company may convert its Discretionary Surplus Reserves to make good previous years' losses or to increase the capital of the Company upon approval. The Company has not extracted Discretionary Surplus Reserves for the six months ended June 30, 2016 (for the six months ended June 30, 2015: None).

37 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2016
Undistributed profits at beginning of the period	706,728
Add: Net profit attributable to equity holders of the Company	528
Less: Ordinary share dividends payable	(4,550)
Other	(4)
Undistributed profits at end of the period	702,702

At the meeting on May 25, 2016, the Board of Directors proposed interim dividends attributable to equity holders of the Company in respect of 2016 of RMB 0.02131 yuan per share, amounting to a total of RMB 3,899, according to the issued 183,021 million shares.

(All amounts in RMB millions unless otherwise stated)

38 NON-CONTROLLING INTERESTS

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

	Percentage of shares held by non-controlling interests	Profit or loss attributable to non-controlling interests	Dividends declared to non-controlling interests	Balance of non-controlling interests
CNPC Exploration and Development Company Limited	50.00%	10,658	-	67,137
KunLun Energy Company Limited	41.67%	2,180	409	39,408
PetroChina Pipelines Company Limited	27.74%	2,981	-	57,087
PetroKazakhstan Inc.	33.00%	(175)	-	2,726
Other				13,076
				179,434

39 OPERATING INCOME AND COST OF SALES

	Group	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Income from principal operations (a)	721,803	859,921
Income from other operations (b)	17,264	17,703
	739,067	877,624

	Group	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Cost of sales from principal operations (a)	548,814	637,946
Cost of sales from other operations (b)	18,090	17,744
	566,904	655,690

(All amounts in RMB millions unless otherwise stated)

	Company	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Income from principal operations (a)	455,683	533,546
Income from other operations (b)	12,348	12,704
	468,031	546,250

	Company	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Cost of sales from principal operations (a)	332,458	378,066
Cost of sales from other operations (b)	13,816	13,254
	346,274	391,320

(a) Income and cost of sales from principal operations

	Group			
	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
	Income	Cost	Income	Cost
Exploration and Production	178,440	179,061	240,775	177,573
Refining and Chemicals	278,036	148,646	331,196	217,716
Marketing	579,724	548,701	706,824	676,517
Natural gas and Pipeline	120,582	107,501	137,542	121,239
Head Office and Other	201	66	153	50
Intersegment elimination	(435,180)	(435,161)	(556,569)	(555,149)
Total	721,803	548,814	859,921	637,946

	Company			
	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
	Income	Cost	Income	Cost
Exploration and Production	132,184	136,423	182,336	152,009
Refining and Chemicals	258,274	140,587	319,079	210,235
Marketing	275,617	256,763	332,897	314,852
Natural gas and Pipeline	102,214	111,276	104,515	104,828
Head Office and Other	44	41	22	26
Intersegment elimination	(312,650)	(312,632)	(405,303)	(403,884)
Total	455,683	332,458	533,546	378,066

(All amounts in RMB millions unless otherwise stated)

(b) Income and cost of sales from other operations

	Group			
	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
	Income	Cost	Income	Cost
Sale of materials	1,552	1,497	2,358	2,417
Other	15,712	16,593	15,345	15,327
Total	17,264	18,090	17,703	17,744

	Company			
	For the six months ended June 30, 2016		For the six months ended June 30, 2015	
	Income	Cost	Income	Cost
Sale of materials	1,059	784	1,681	1,352
Other	11,289	13,032	11,023	11,902
Total	12,348	13,816	12,704	13,254

40 TAX AND LEVIES ON OPERATIONS

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Business tax	177	204
City maintenance and construction tax	7,522	8,352
Educational surcharge	5,286	5,847
Consumption tax	71,178	76,165
Resource tax	6,687	9,716
Other	1,234	2,677
	92,084	102,961

41 SELLING EXPENSES

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Employee compensation costs	9,687	9,695
Depreciation, depletion and amortisation	3,981	4,287
Transportation expense	7,447	7,941
Lease, packing, warehouse storage expenses	3,786	3,329
Other	4,998	5,203
	29,899	30,455

(All amounts in RMB millions unless otherwise stated)

42 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Employee compensation costs	14,110	14,518
Depreciation, depletion and amortisation	4,192	4,159
Repair expense	4,322	5,023
Lease, packing, warehouse storage expenses	2,868	2,244
Safety fund reserve	3,210	3,547
Other taxes	2,162	1,773
Technology service expense	2,492	4,303
Other	7,020	6,824
	40,376	42,391

43 FINANCE EXPENSES

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Interest expense	11,931	12,565
Less: Interest income	(758)	(875)
Exchange losses	5,656	2,358
Less: Exchange gains	(6,193)	(2,091)
Other	554	514
	11,190	12,471

44 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Impairment losses for bad debts provision / (reversal)	2	(30)
Impairment losses for declines in the value of inventories	(11)	112
Impairment losses for available-for-sale financial assets	5	-
Impairment losses for construction in progress	5	-
Impairment losses for long-term equity investments	78	-
	79	82

(All amounts in RMB millions unless otherwise stated)

45 INVESTMENT INCOME

	Group	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Gain on available-for-sale financial assets	77	407
Share of profit of associates and joint ventures	2,696	3,279
Gain on disposal of associates and joint ventures	(24)	-
Gain on disposal of subsidiaries (i)	24,534	115
Other loss	(20)	(12)
	27,263	3,789

(i) CNPC E&D, one of the Company's subsidiaries, disposed its 50% of equity interest in Trans-Asia Gas Pipeline Co., Ltd. in the second quarter of 2016, and the remaining equity investment was re-measured at its fair value when the control was lost. The gain represents the difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary, and is recorded as "Investment income".

For the six months ended June 30, 2016, the investment income from the top five long-term equity investments accounted for using the equity method which accounted for the highest proportion of the Group's profit before taxation was RMB 2,893 (for the six months ended June 30, 2015: RMB 4,483).

	Company	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Gain on available-for-sale financial assets	45	405
Share of profit of associates and joint ventures	2,580	4,002
Dividends declared by subsidiaries	1,652	9,334
Gain on disposal of subsidiaries	7,033	140
Other	21	81
	11,331	13,962

For the six months ended June 30, 2016, the investment income from the top five long-term equity investments accounted for using the equity method which accounted for the highest proportion of the Company's profit before taxation was RMB 2,496 (for the six months ended June 30, 2015: RMB 3,882).

(All amounts in RMB millions unless otherwise stated)

46 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Amounts included in non-recurring profit/loss items for the six months ended June 30, 2016
Gains on disposal of fixed assets and oil and gas properties	108	97	108
Government grants (i)	3,282	3,540	1,955
Other	798	611	798
	4,188	4,248	2,861

(i) Comprise proportionate refund of import value-added tax relating to the import of natural gas (including liquefied natural gas) provided by the PRC government. This value-added tax refund is applicable from January 1, 2011 to December 31, 2020 and available when the import prices of the natural gas and liquefied natural gas imported under any State-sanctioned pipelines are higher than their prescribed selling prices.

(b) Non-operating expenses

	For the six months ended June 30, 2016	For the six months ended June 30, 2015	Amounts included in non-recurring profit/loss items for the six months ended June 30, 2016
Loss on disposal of fixed assets and oil and gas properties	1,003	302	1,003
Fines	41	95	41
Donation	88	192	88
Extraordinary loss	11	21	11
Other	2,246	2,567	2,246
	3,389	3,177	3,389

(All amounts in RMB millions unless otherwise stated)

47 TAXATION

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Income taxes	11,146	9,532
Deferred taxes	(1,450)	313
	9,696	9,845

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

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Profit before taxation	26,597	38,434
Tax calculated at a tax rate of 25%	6,649	9,609
Tax return true-up	787	84
Effect of income taxes from international operations in excess of taxes at the PRC statutory tax rate	145	198
Effect of preferential tax rate	(638)	(2,340)
Tax effect of income not subject to tax	(2,114)	(1,581)
Tax effect of expenses not deductible for tax purposes	792	3,154
Tax effect of tax losses not recognised	4,075	721
Taxation	9,696	9,845

48 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2016 and June 30, 2015 have been computed by dividing profit attributable to owners of the Company by the 183,021 million shares issued and outstanding during the period.

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

(All amounts in RMB millions unless otherwise stated)

49 OTHER COMPREHENSIVE INCOME

Other comprehensive income / (loss) attributable to equity holders of the Company	December 31, 2015	Addition	Reduction	June 30, 2016
Other comprehensive income / (loss) would be reclassified to profit or loss				
Including:				
Share of other comprehensive income of equity-accounted investee	279	133	-	412
Gains or losses arising from changes in fair value of available-for-sale financial assets	553	19	(969)	(397)
Translation differences arising on translation of foreign currency financial statements	(37,066)	6,549	(1,561)	(32,078)
Others	(43)	-	-	(43)
Total	(36,277)	6,701	(2,530)	(32,106)

50 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by their nature:

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Operating income	739,067	877,624
Less: Changes in inventories of finished goods and work in progress	16,710	11,555
Raw materials and consumables used	(444,644)	(539,577)
Employee benefits expenses	(56,846)	(57,290)
Depreciation, depletion and amortisation expenses	(105,982)	(91,883)
Impairment losses of non-current assets	(88)	-
Lease expenses	(6,616)	(5,303)
Finance expenses	(11,190)	(12,471)
Other expenses	(104,613)	(145,292)
Operating profit	25,798	37,363

(All amounts in RMB millions unless otherwise stated)

51 NOTES TO CONSOLIDATED AND COMPANY CASH FLOWS

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

	Group		Company	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Net profit	16,901	28,589	(8,372)	16,807
Add: Impairment of asset, net	79	82	12	(15)
Depreciation and depletion of fixed assets and oil and gas properties	101,654	87,684	64,851	54,029
Amortisation of intangible assets	2,084	2,055	1,703	1,743
Amortisation of long-term prepaid expenses	2,244	2,144	1,898	1,814
Loss on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	874	189	560	144
Capitalised exploratory costs charged to expense	4,698	6,270	3,929	5,880
Safety fund reserve	2,442	2,673	1,621	1,926
Finance expense	11,173	11,690	8,059	8,055
Investment income	(27,263)	(3,789)	(11,331)	(13,962)
(Decrease) / increase in deferred taxation	(1,450)	313	707	961
(Increase) / decrease in inventories	(17,594)	(7,060)	(1,482)	6,812
Increase in operating receivables	(15,610)	(17,308)	(9,176)	(20,311)
Increase / (decrease) in operating payables	31,610	(2,596)	37,718	21,881
Net cash flows from operating activities	111,842	110,936	90,697	85,764

(b) Net increase / (decrease) in cash and cash equivalents

	Group		Company	
	For the six months ended June 30, 2016	For the six months ended June 30, 2015	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Cash at end of the period	101,322	66,113	23,970	21,738
Less: Cash at beginning of the period	(72,773)	(73,778)	(12,970)	(38,507)
Add: Cash equivalents at end of the period	-	-	-	-
Less: Cash equivalents at beginning of the period	-	-	-	-
Increase / (decrease) in cash and cash equivalents	28,549	(7,665)	11,000	(16,769)

(All amounts in RMB millions unless otherwise stated)

(c) Cash and cash equivalents

	Group		Company	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Cash at bank and on hand	102,154	73,692	23,970	12,970
Less: Time deposits with maturities over 3 months	(832)	(919)	-	-
Cash and cash equivalents at end of the period	101,322	72,773	23,970	12,970

52 SEGMENT REPORTING

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

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

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

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

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

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

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

(All amounts in RMB millions unless otherwise stated)

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2016 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	182,480	280,993	587,680	122,336	758	1,174,247
Less: Intersegment revenue	(147,601)	(212,723)	(60,457)	(14,316)	(83)	(435,180)
Revenue from external customers	34,879	68,270	527,223	108,020	675	739,067
Segment expenses (i)	(182,463)	(142,338)	(369,221)	(27,887)	(7,354)	(729,263)
Segment result	(25,863)	28,674	4,801	8,875	(6,683)	9,804
Unallocated expenses						15,994
Operating profit						25,798
Segment assets	1,273,345	305,579	389,946	533,740	1,502,001	4,004,611
Other assets						27,073
Elimination of intersegment balances (ii)						(1,613,192)
Total assets						2,418,492
Segment liabilities	473,156	107,457	186,001	144,769	709,703	1,621,086
Other liabilities						46,744
Elimination of intersegment balances (ii)						(611,440)
Total liabilities						1,056,390
Depreciation, depletion and amortisation	78,755	11,001	6,268	9,093	865	105,982
Asset impairment losses	5	(5)	1	78	-	79
Capital expenditure	39,550	3,566	2,806	4,518	427	50,867

(All amounts in RMB millions unless otherwise stated)

(b) Segment information as of and for the six months ended June 30, 2015 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	245,878	334,439	713,955	139,212	709	1,434,193
Less: Intersegment revenue	(202,226)	(263,968)	(77,069)	(13,155)	(151)	(556,569)
Revenue from external customers	43,652	70,471	636,886	126,057	558	877,624
Segment expenses (i)	(178,494)	(170,494)	(442,117)	(31,602)	(8,790)	(831,497)
Segment result	33,637	5,897	3,113	11,633	(8,153)	46,127
Unallocated expenses						(8,764)
Operating profit						37,363
Segment assets	1,284,808	324,729	383,338	536,255	1,545,284	4,074,414
Other assets						24,802
Elimination of intersegment balances (ii)						(1,713,983)
Total assets						2,385,233
Segment liabilities	499,972	123,510	180,866	156,043	704,983	1,665,374
Other liabilities						48,066
Elimination of intersegment balances (ii)						(651,224)
Total liabilities						1,062,216
Depreciation, depletion and amortisation	65,984	11,385	6,458	7,085	971	91,883
Asset impairment losses	(4)	(11)	104	(7)	-	82
Capital expenditure	48,005	5,058	1,462	6,731	397	61,653

(i) Segment expenses include operating costs, tax and levies on operations, and selling, general and administrative expenses.

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

(All amounts in RMB millions unless otherwise stated)

(2) Geographical information

Revenue from external customers	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Mainland China	513,488	597,120
Other	225,579	280,504
	739,067	877,624

Non-current assets (i)	June 30, 2016	June 30, 2015
Mainland China	1,762,642	1,738,290
Other	230,495	223,449
	1,993,137	1,961,739

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

53 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Parent Company

(a) General information of parent company

CNPC, the immediate parent of the Company, is a state-controlled enterprise directly controlled by the PRC government.

	Type of Legal Entity	Place of incorporation	Legal representative	Principal activities
China National Petroleum Corporation	State-owned and state-controlled enterprises	PRC	Wang Yilin	Oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, engineering and technical services and petroleum equipment manufacturing etc.

(b) Equity interest and voting rights of parent company

	June 30, 2016		December 31, 2015	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	86.51	86.51	86.51	86.51

(2) Subsidiaries

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

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

Names of related parties	Relationship with the Company
Dalian West Pacific Petrochemical Co., Ltd.	Associate
China Marine Bunker (PetroChina) Co., Ltd.	Joint venture
Arrow Energy Holdings Pty Ltd.	Joint venture
Trans-Asia Gas Pipeline Co., Ltd.	Joint venture
CNPC Bohai Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
CNPC Oriental Geophysical Exploration Co., Ltd.	Fellow subsidiary of CNPC
CNPC Chuanqing Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
Daqing Petroleum Administrative Bureau	Fellow subsidiary of CNPC
Liaohe Petroleum Exploration Bureau	Fellow subsidiary of CNPC
China Petroleum Pipeline Bureau	Fellow subsidiary of CNPC
CNPC Transportation Co., Ltd.	Fellow subsidiary of CNPC
CNPC Material Company	Fellow subsidiary of CNPC
China Petroleum Finance Co., Ltd (the "CP Finance")	Fellow subsidiary of CNPC
China National Oil and Gas Exploration and Development Corporation	Fellow subsidiary of CNPC
China National United Oil Corporation	Fellow subsidiary of CNPC
China Captive Insurance Co., Ltd.	Fellow subsidiary of CNPC

(4) Summary of Significant Related Party transactions

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

On August 25, 2011, on the basis of Comprehensive Products and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by the CNPC and its subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price. On August 28, 2014, based on the original Comprehensive Products and Services Agreement, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which will take effect since January 1, 2015. The new Comprehensive Products and Services Agreement includes all the terms of the Agreement signed in 2011.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Supplemental Land Use Rights Leasing Contract provides for the lease of land covering an aggregate area of approximately 1,783 million square meters located throughout the PRC at a maximum annual fee (exclusive of tax and government charges) of RMB 3,892. The Supplemental Land Use Rights Leasing Contract will expire at the same time as the Land Use Rights Leasing Contract. The area and total fee payable for the lease of all such property may, after three years, be adjusted with the Company's operating needs and by reference to market price. On August 28, 2014, the Company and CNPC issued confirmation letter separately, and adjusted area and fee of leasing land. The Company agreed to lease an aggregate area of approximately 1,777 million square meters from CNPC, and adjusted the total fee of land, according to the newly confirmed area of leasing land and the situation of land market. In addition, the annual fee of land was adjusted to RMB 4,831. Besides area and fee of land, the other lease terms of the Land Use Rights Leasing Contract and Supplemental Land Use Rights Leasing Contract kept the same. The confirmation letter will be effective since January 1, 2015.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effective thereafter. Under this contract, buildings covering an aggregate area of 734,316 square meters were leased at an average annual fee of RMB 1,049 yuan per square meter. The Revised Building Leasing Contract will expire at the same time as the Building Leasing Agreement. The area and total fee payable for the lease of all such property may, after three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed. On August 28, 2014, the Company and CNPC issued confirmation letter separately, and adjusted area and fee of leasing building. The Company agreed to lease an aggregate area of approximately 1,179,586 square meters from CNPC, and adjusted the total fee of building, according to the newly confirmed area of leasing building and the situation of building market. In addition, the annual fee of building was adjusted to RMB 708. Besides area and fee of building, the other lease terms of the Buildings Leasing Contract kept the same. The confirmation letter will be effective since January 1, 2015.

(All amounts in RMB millions unless otherwise stated)

	Notes	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	34,854	35,545
Purchase of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	31,250	36,125
Fees for production services	(3)	59,519	61,559
Social services charges	(4)	1,343	1,433
Ancillary services charges	(5)	2,064	2,008
Material supply services	(6)	3,530	3,665
Financial services			
Interest income	(7)	82	99
Interest expense	(8)	6,287	6,775
Other financial service expense	(9)	662	481
Rents and other payments made under financial leasing	(10)	755	605
Rental paid to CNPC	(11)	2,065	1,543
Purchases of assets from CNPC and its subsidiaries	(12)	684	520

Notes:

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

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

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

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

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

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

(7) The bank deposits in CNPC and fellow CNPC subsidiaries as of June 30, 2016 were RMB 32,842 (December 31, 2015: RMB 19,961).

(8) The loans from CNPC and fellow CNPC subsidiaries including short-term borrowings, long-term borrowings due within one year and long-term borrowings as of June 30, 2016 were RMB 289,890 (December 31, 2015: RMB 326,671).

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

(10) Rents and other payments made under financial leasing represent the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the financial leasing agreements entered into by the Group and CNPC and its fellow subsidiaries.

(11) Rental was paid for the operating lease of land and buildings at the prices prescribed in the Building and Land Use Rights leasing contract with CNPC.

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

(All amounts in RMB millions unless otherwise stated)

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

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

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
(a) Sales of goods		
- Crude Oil	1,050	1,983
- Refined products	6,788	18,448
- Chemical products	34	211
- Natural Gas	94	-
(b) Sales of services	12	22
(c) Purchases of goods	6,919	6,646
(d) Purchases of services	448	6,519

(5) Commissioned loans

The Company and its subsidiaries commissioned CP Finance and other financial institutions to provide loans to each other, charging interest in accordance with the prevailing interest rates. Loans between the Company and its subsidiaries have been eliminated in the consolidated financial statements. As of June 30, 2016, the eliminated commissioned loans totalled RMB 40,346, including short-term loans of RMB 34,717, loans due within one year of RMB 666 and long-term loans of RMB 4,963.

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 30, Note 31 and Note 32.

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2016	December 31, 2015
CNPC and its subsidiaries		
Accounts receivable	6,712	5,500
Other receivables	4,793	4,586
Advances to suppliers	9,567	2,561
Other non-current assets	9,371	8,237
Associates and joint ventures		
Accounts receivable	548	1,175
Other receivables	2	-
Advances to suppliers	101	106
Other non-current assets	3,460	3,382

As of June 30, 2016, the provisions for bad debts of the receivables from related parties amounted to RMB 17 (December 31, 2015: RMB 17).

As of June 30, 2016, the receivables from related parties represented 29% (December 31, 2015: 26%) of total receivables.

(b) Payables to related parties

	June 30, 2016	December 31, 2015
CNPC and its subsidiaries		
Accounts payable	48,540	60,659
Other payables	16,129	16,495
Advances from customers	717	512
Notes payable	300	392
Other non-current liabilities	5,448	3,406
Associates and joint ventures		
Accounts payable	432	571
Other payables	88	113
Advances from customers	453	60

As of June 30, 2016, the payables to related parties represented 24% (December 31, 2015: 25%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2016 RMB'000	For the six months ended June 30, 2015 RMB'000
Key management personnel compensation	4,718	4,600

54 CONTINGENT LIABILITIES

(1) Bank and other guarantees

At June 30, 2016 and December 31, 2015, the Group did not guarantee any borrowings or other related parties or third parties.

(2) Environmental liabilities

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

(All amounts in RMB millions unless otherwise stated)

(3) Legal contingencies

Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(4) Group insurance

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

55 COMMITMENTS

(1) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land, buildings and equipment. Leases range from one to fifty years and usually do not contain renewal options. Future minimum lease payments as of June 30, 2016 and December 31, 2015 under non-cancellable operating leases are as follows:

	June 30, 2016	December 31, 2015
Within one year	9,482	9,859
Between one and two years	8,083	8,479
Between two and three years	7,716	7,849
Thereafter	160,634	166,150
	185,915	192,337

Operating lease expenses for the six months ended June 30, 2016 was RMB 6,616 (for the six months ended June 30, 2015: RMB 5,303).

(All amounts in RMB millions unless otherwise stated)

(2) Capital commitments

As of June 30, 2016, the Group's capital commitments contracted but not provided for were RMB 48,214 (December 31, 2015: RMB 56,310).

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

(3) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Land and Resources. No payments were incurred for the six months ended June 30, 2016 (for the six months ended June 30, 2015: nil).

Estimated annual payments for the next five years are as follows:

	June 30, 2016
Within one year	800
Between one and two years	800
Between two and three years	800
Between three and four years	800
Between four and five years	800

(All amounts in RMB millions unless otherwise stated)

FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

1 NON-RECURRING PROFIT/LOSS ITEMS

	For the six months ended June 30, 2016	For the six months ended June 30, 2015
Net loss on disposal of non-current assets	(898)	(190)
Government grants recognised in the income statement	1,955	1,590
Net gain on disposal of available-for-sale financial assets	36	160
Reversal of provisions for bad debts against receivables	10	30
Gain on disposal of investment in subsidiaries	24,534	115
Other non-operating income and expenses	(1,614)	(2,281)
	24,023	(576)
Tax impact of non-recurring profit/loss items	(3,302)	111
Impact of non-controlling interests	(10,702)	21
Total	10,019	(444)

2 SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

The consolidated net profit for the six months under IFRS and CAS were RMB 16,905 and RMB 16,901 respectively, with a difference of RMB 4; the consolidated shareholders' equity for the six months under IFRS and CAS were RMB 1,361,851 and RMB 1,362,102 respectively, with a difference of RMB 251. These differences under the different accounting standards were primarily due to the revaluation for assets other than fixed assets and oil and gas properties revalued in 1999.

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

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2016 and June 30, 2015

(Amounts in millions)

	Notes	Six months ended June 30	
		2016	2015
		RMB	RMB
REVENUE	4	739,067	877,624
OPERATING EXPENSES			
Purchases, services and other		(427,934)	(528,022)
Employee compensation costs		(56,846)	(57,290)
Exploration expenses, including exploratory dry holes		(9,021)	(12,399)
Depreciation, depletion and amortisation		(105,985)	(91,883)
Selling, general and administrative expenses		(35,230)	(37,492)
Taxes other than income taxes	5	(94,781)	(105,282)
Other income, net		25,270	1,859
TOTAL OPERATING EXPENSES		(704,527)	(830,509)
PROFIT FROM OPERATIONS		34,540	47,115
FINANCE COSTS			
Exchange gain		6,193	2,091
Exchange loss		(5,656)	(2,358)
Interest income		758	875
Interest expense		(11,931)	(12,565)
TOTAL NET FINANCE COSTS		(10,636)	(11,957)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		2,696	3,279
PROFIT BEFORE INCOME TAX EXPENSE	6	26,600	38,437
INCOME TAX EXPENSE	7	(9,695)	(9,846)
PROFIT FOR THE PERIOD		16,905	28,591
OTHER COMPREHENSIVE INCOME RECLASSIFIABLE TO PROFIT OR LOSS:			
Currency translation differences		6,574	(4,554)
Fair value (loss) / gain from available-for-sale financial assets, net of tax		(950)	34
Share of the other comprehensive income / (loss) of associates and joint ventures accounted for using the equity method		133	(267)
OTHER COMPREHENSIVE INCOME/ (LOSS), NET OF TAX		5,757	(4,787)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		22,662	23,804
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		531	25,406
Non-controlling interests		16,374	3,185
		16,905	28,591
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		4,702	21,053
Non-controlling interests		17,960	2,751
		22,662	23,804
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	8	0.003	0.139

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As of June 30, 2016 and December 31, 2015

(Amounts in millions)

	Notes	June 30, 2016	December 31, 2015
		RMB	RMB
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,735,832	1,784,905
Investments in associates and joint ventures		86,510	70,976
Available-for-sale financial assets		2,377	2,869
Advance operating lease payments		70,307	70,551
Intangible and other non-current assets		100,201	98,272
Deferred tax assets		16,593	16,927
TOTAL NON-CURRENT ASSETS		2,011,820	2,044,500
CURRENT ASSETS			
Inventories	11	144,482	126,877
Accounts receivable	12	62,675	52,262
Prepayments and other current assets		88,172	88,280
Notes receivable		8,940	8,233
Time deposits with maturities over three months but within one year		832	919
Cash and cash equivalents		101,322	72,773
TOTAL CURRENT ASSETS		406,423	349,344
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	13	324,025	331,040
Income taxes payable		8,969	7,879
Other taxes payable		24,937	26,262
Short-term borrowings	14	136,543	106,226
TOTAL CURRENT LIABILITIES		494,474	471,407
NET CURRENT LIABILITIES		(88,051)	(122,063)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,923,769	1,922,437
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		707,732	711,755
Reserves		291,666	284,940
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,182,419	1,179,716
NON-CONTROLLING INTERESTS		179,432	164,318
TOTAL EQUITY		1,361,851	1,344,034
NON-CURRENT LIABILITIES			
Long-term borrowings	14	414,932	434,475
Asset retirement obligations		121,781	117,996
Deferred tax liabilities		12,840	13,120
Other long-term obligations		12,365	12,812
TOTAL NON-CURRENT LIABILITIES		561,918	578,403
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,923,769	1,922,437

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2016 and June 30, 2015

(Amounts in millions)

	Six months ended June 30	
	2016	2015
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	16,905	28,591
Adjustments for:		
Income tax expense	9,695	9,846
Depreciation, depletion and amortisation	105,985	91,883
Capitalised exploratory costs charged to expense	4,698	6,270
Safety fund reserve	2,442	2,750
Share of profit of associates and joint ventures	(2,696)	(3,279)
Reversal of provision for impairment of receivables, net	2	(30)
Write down in inventories, net	(11)	112
Impairment of available-for-sale financial assets	5	-
Impairment of long-term investment	78	-
Loss on disposal of property, plant and equipment	895	205
Gain on disposal of other non-current assets	(33)	(176)
Gain on disposal of subsidiaries	(24,534)	(115)
Dividend income	(41)	(248)
Interest income	(758)	(875)
Interest expense	11,931	12,565
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(15,610)	(17,308)
Inventories	(17,594)	(7,060)
Accounts payable and accrued liabilities	29,903	(1,556)
CASH FLOWS GENERATED FROM OPERATIONS	121,262	121,575
Income taxes paid	(9,420)	(10,639)
NET CASH FLOWS FROM OPERATING ACTIVITIES	111,842	110,936

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2016 and June 30, 2015

(Amounts in millions)

	Six months ended June 30	
	2016	2015
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(81,865)	(103,695)
Acquisition of investments in associates and joint ventures	(1,104)	(947)
Acquisition of available-for-sale financial assets	(185)	(272)
Prepayments on long-term operating leases	(1,225)	(931)
Acquisition of intangible assets and other non-current assets	(2,196)	(1,633)
Proceeds from disposal of property, plant and equipment	94	107
Proceeds from disposal of other non-current assets	360	647
Interest received	428	693
Dividends received	2,374	4,707
Decrease in time deposits with maturities over three months	88	912
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(83,231)	(100,412)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(216,611)	(239,432)
Repayments of long-term borrowings	(187,334)	(137,170)
Interest paid	(10,058)	(11,449)
Dividends paid to non-controlling interests	(1,279)	(3,181)
Dividends paid to owners of the Company	(97)	-
Increase in short-term borrowings	235,242	261,906
Increase in long-term borrowings	178,395	113,710
Capital contribution from non-controlling interests	553	289
Payments to non-controlling interests due to capital reduction of subsidiaries	(1)	(258)
Decrease in other long-term obligations	27	(2,483)
NET CASH FLOWS USED FOR FINANCING ACTIVITIES	(1,163)	(18,068)
TRANSLATION OF FOREIGN CURRENCY	1,101	(121)
Increase / (decrease) in cash and cash equivalents	28,549	(7,665)
Cash and cash equivalents at beginning of the period	72,773	73,778
Cash and cash equivalents at end of the period	101,322	66,113

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2016 and June 30, 2015

(Amounts in millions)

	Attributable to Owners of the Company				Non-controlling Interests	Total Equity
	Share Capital	Retained Earnings	Reserves	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2015	183,021	707,303	285,570	1,175,894	141,887	1,317,781
Profit for the six months ended June 30, 2015	-	25,406	-	25,406	3,185	28,591
Other comprehensive loss for the six months ended June 30, 2015	-	-	(4,353)	(4,353)	(434)	(4,787)
Special reserve-safety fund reserve	-	-	2,660	2,660	90	2,750
Dividends	-	(17,572)	-	(17,572)	(3,559)	(21,131)
Transaction with non-controlling interests in subsidiaries	-	-	-	-	31	31
Capital contribution from non-controlling interests	-	-	(16)	(16)	292	276
Other	-	(5)	(3)	(8)	(464)	(472)
Balance at June 30, 2015	183,021	715,132	283,858	1,182,011	141,028	1,323,039
Balance at January 1, 2016	183,021	711,755	284,940	1,179,716	164,318	1,344,034
Profit for the six months ended June 30, 2016	-	531	-	531	16,374	16,905
Other comprehensive income for the six months ended June 30, 2016	-	-	4,171	4,171	1,586	5,757
Special reserve-safety fund reserve	-	-	2,353	2,353	89	2,442
Dividends	-	(4,550)	-	(4,550)	(1,384)	(5,934)
Transaction with non-controlling interests in subsidiaries	-	-	214	214	(2,024)	(1,810)
Capital contribution from non-controlling interests	-	-	-	-	595	595
Other	-	(4)	(12)	(16)	(122)	(138)
Balance at June 30, 2016	183,021	707,732	291,666	1,182,419	179,432	1,361,851

The accompanying notes are an integral part of these interim financial statements.

1 ORGANISATION AND PRINCIPAL ACTIVITIES

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by China National Petroleum Corporation ("CNPC") as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

The Group is principally engaged in (i) the exploration, development and production and marketing of crude oil and natural gas; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products; (iii) the marketing of refined products and trading business; and (iv) the transmission of natural gas, crude oil and refined products and the sale of natural gas (Note 15).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim condensed financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements as of June 30, 2016 and for the six months ended June 30, 2016 and June 30, 2015 included herein are unaudited but reflect, in the opinion of the Board of Directors, all adjustments (which generally includes only normal recurring adjustments) necessary to properly prepare the interim financial statements, in all material respects, in accordance with IAS 34. The results of operations for the six months ended June 30, 2016 are not necessarily indicative of the results of operations expected for the year ended December 31, 2016.

Costs that are incurred unevenly during the financial year are accrued or deferred in the interim financial statements only if it would be also appropriate to accrue or defer such costs at the end of the financial year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's interim financial statements.

(a) Estimation of oil and natural gas reserves

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

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil, refined and chemical products and the production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, or not updating assumptions previously made, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired.

(c) Estimation of asset retirement obligations

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

(Amounts in millions unless otherwise stated)

4 REVENUE

Revenue represents revenues from the sale of crude oil, natural gas, refined products and petrochemical products and from the transmission of crude oil, refined products and natural gas. Analysis of revenue by segment is shown in Note 15.

5 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2016	2015
	RMB	RMB
Consumption tax	71,178	76,165
Resource tax	6,687	9,716
Other	16,916	19,401
	94,781	105,282

6 PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2016	2015
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from available-for-sale financial assets	41	248
Reversal of provision for impairment of receivables	10	30
Reversal of write down in inventories	26	7
Gain on disposal of investment in subsidiaries (i)	24,534	115
Charged		
Amortisation of intangible and other assets	2,013	2,030
Cost of inventories recognised as expense	557,883	643,441
Provision for impairment of receivables	12	-
Interest expense (Note (ii))	11,931	12,565
Loss on disposal of property, plant and equipment	895	205
Operating lease expenses	7,612	6,236
Research and development expenses	6,326	7,633
Write down in inventories	15	119
Note (ii): Interest expense		
Interest expense	12,781	13,912
Less: Amount capitalised	(850)	(1,347)
	11,931	12,565

(i) On November 24, 2015, the board of directors approved the sale by CNPC Exploration and Development Co., Ltd. ("CNPC E&D"), one of the Company's subsidiaries, of its 50% of equity interest in Trans-Asia Gas Pipeline Co., Ltd. to CNIC Corporation Limited for a consideration equivalent to RMB 14,671. CNPC E&D has closed the transaction in the second quarter of 2016. The gain represents the difference between the total amount of consideration received from the transaction that resulted in the loss of control and the fair value of the remaining equity investment and the share of net assets of the former subsidiary, and is recorded as "Other income".

(Amounts in millions unless otherwise stated)

7 INCOME TAX EXPENSE

	Six months ended June 30	
	2016	2015
	RMB	RMB
Current taxes	11,146	9,532
Deferred taxes	(1,451)	314
	9,695	9,846

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. Operations of the Group in western regions in China qualified for certain tax incentives in the form of a preferential income tax rate of 15% through the year 2020.

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2016 and June 30, 2015 have been computed by dividing profit attributable to owners of the Company by 183,021 million shares issued and outstanding during the period.

There are no potentially dilutive ordinary shares.

9 DIVIDENDS

	Six months ended June 30	
	2016	2015
	RMB	RMB
Interim dividends attributable to owners of the Company for 2016 (a)	3,899	-
Interim dividends attributable to owners of the Company for 2015 (c)	-	11,433

(a) As authorised by shareholders in the Annual General Meeting on May 25, 2016, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2016 of RMB 0.02131 yuan per share amounting to a total of RMB 3,899. This dividend is not recognised as liability at the end of the reporting period, as it was declared after the date of the statement of financial position.

(b) Final dividends attributable to owners of the Company in respect of 2015 of RMB 0.02486 yuan per share amounting to a total of RMB 4,550 were approved by the shareholders in the Annual General Meeting on May 25, 2016 and were paid on June 8, 2016 (A shares) and July 14, 2016 (H shares).

(c) Interim dividends attributable to owners of the Company in respect of 2015 of RMB 0.06247 yuan per share amounting to a total of RMB 11,433 were paid on September 18, 2015 (A shares) and October 27, 2015 (H shares).

(d) Final dividends attributable to owners of the Company in respect of 2014 of RMB 0.09601 yuan per share amounting to a total of RMB 17,572 were paid on July 9, 2015 (A shares) and August 13, 2015 (H shares).

(Amounts in millions unless otherwise stated)

10 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2016	3,245,830
Additions	52,208
Disposals or write offs	(6,505)
Currency translation differences	9,680
At June 30, 2016	3,301,213
Accumulated depreciation and impairment	
At January 1, 2016	(1,460,925)
Charge for the period and others	(102,027)
Disposals or write offs	963
Currency translation differences	(3,392)
At June 30, 2016	(1,565,381)
Net book value	
At June 30, 2016	1,735,832

	RMB
Cost	
At January 1, 2015	3,023,911
Additions	63,214
Disposals or write offs	(9,692)
Currency translation differences	(5,390)
At June 30, 2015	3,072,043
Accumulated depreciation and impairment	
At January 1, 2015	(1,276,220)
Charge for the period and others	(88,340)
Disposals or write offs	2,103
Currency translation differences	822
At June 30, 2015	(1,361,635)
Net book value	
At June 30, 2015	1,710,408

(Amounts in millions unless otherwise stated)

11 INVENTORIES

	June 30, 2016	December 31, 2015
	RMB	RMB
Crude oil and other raw materials	42,955	42,605
Work in progress	8,202	8,426
Finished goods	95,035	79,502
Spare parts and consumables	53	45
	146,245	130,578
Less: Write down in inventories	(1,763)	(3,701)
	144,482	126,877

12 ACCOUNTS RECEIVABLE

	June 30, 2016	December 31, 2015
	RMB	RMB
Accounts receivable	63,197	52,785
Less: Provision for impairment of accounts receivable	(522)	(523)
	62,675	52,262

The aging analysis of accounts receivable (net of impairment of accounts receivable) based on the invoice date (or date of revenue recognition, if earlier), as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
	RMB	RMB
Within 1 year	58,798	49,493
Between 1 and 2 years	3,251	2,231
Between 2 and 3 years	217	239
Over 3 years	409	299
	62,675	52,262

The Group offers its customers credit terms up to 180 days.

(Amounts in millions unless otherwise stated)

Movements in the provision for impairment of accounts receivable are as follows:

	Six months ended June 30	
	2016	2015
	RMB	RMB
At beginning of the period	523	516
Provision for impairment of accounts receivable	-	-
Receivables written off as uncollectible	(1)	-
Reversal of provision for impairment of accounts receivable	(2)	(6)
Other	2	1
At end of the period	522	511

13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2016	December 31, 2015
	RMB	RMB
Trade payables	77,148	69,496
Advances from customers	55,340	50,930
Salaries and welfare payable	9,651	5,900
Accrued expenses	23,011	104
Dividends payable	5,033	475
Interest payable	3,107	2,995
Construction fee and equipment cost payables	103,182	133,389
Loans borrowed from related parties	8,302	11,055
Other	39,251	56,696
	324,025	331,040

Other consists primarily of customer deposits.

The aging analysis of trade payables as of June 30, 2016 and December 31, 2015 is as follows:

	June 30, 2016	December 31, 2015
	RMB	RMB
Within 1 year	72,182	64,830
Between 1 and 2 years	2,300	1,987
Between 2 and 3 years	834	1,106
Over 3 years	1,832	1,573
	77,148	69,496

(Amounts in millions unless otherwise stated)

14 BORROWINGS

	June 30, 2016	December 31, 2015
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	89,698	70,059
Current portion of long-term borrowings	46,845	36,167
	136,543	106,226
Long-term borrowings	414,932	434,475
	551,475	540,701

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2016	540,701
Increase in borrowings	413,637
Decrease in borrowings	(406,045)
Currency translation differences	3,182
Balance at June 30, 2016	551,475

The following table sets out the borrowings' remaining contractual maturities at the date of the statement of financial position, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	June 30, 2016	December 31, 2015
	RMB	RMB
Within 1 year	155,641	125,377
Between 1 and 2 years	138,563	114,772
Between 2 and 5 years	228,097	267,560
After 5 years	99,172	107,439
	621,473	615,148

15 SEGMENT INFORMATION

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

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

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

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

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

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

The accounting policies of the operating segments are the same as those described in Note 2- "Basis of Preparation and Accounting Policies".

(Amounts in millions unless otherwise stated)

The segment information for the operating segments for the six months ended June 30, 2016 and 2015 are as follows:

Six months ended June 30, 2016	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	182,480	280,993	587,680	122,336	758	1,174,247
Less: intersegment sales	(147,601)	(212,723)	(60,457)	(14,316)	(83)	(435,180)
Revenue from external customers	34,879	68,270	527,223	108,020	675	739,067
Depreciation, depletion and amortisation	(78,755)	(11,001)	(6,271)	(9,093)	(865)	(105,985)
(Loss)/ profit from operations	(2,419)	27,474	4,609	11,431	(6,555)	34,540
Finance costs:						
Exchange gain						6,193
Exchange loss						(5,656)
Interest income						758
Interest expense						(11,931)
Total net finance costs						(10,636)
Share of profit of associates and joint ventures	156	(1)	197	106	2,238	2,696
Profit before income tax expense						26,600
Income tax expense						(9,695)
Profit for the period						16,905
Segment assets	1,227,442	304,258	379,934	530,495	1,475,723	3,917,852
Other assets						27,073
Investments in associates and joint ventures	45,738	1,246	10,003	3,245	26,278	86,510
Elimination of intersegment balances (a)						(1,613,192)
Total assets						2,418,243
Capital expenditure	39,550	3,566	2,806	4,518	427	50,867
Segment liabilities	473,156	107,457	186,001	144,769	709,703	1,621,086
Other liabilities						46,746
Elimination of intersegment balances (a)						(611,440)
Total liabilities						1,056,392

(Amounts in millions unless otherwise stated)

Six months ended June 30, 2015	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	245,878	334,439	713,955	139,212	709	1,434,193
Less: intersegment sales	(202,226)	(263,968)	(77,069)	(13,155)	(151)	(556,569)
Revenue from external customers	43,652	70,471	636,886	126,057	558	877,624
Depreciation, depletion and amortisation	(65,983)	(11,384)	(6,460)	(7,085)	(971)	(91,883)
Profit/ (loss) from operations	32,917	4,657	2,783	14,867	(8,109)	47,115
Finance costs:						
Exchange gain						2,091
Exchange loss						(2,358)
Interest income						875
Interest expense						(12,565)
Total net finance costs						(11,957)
Share of profit of associates and joint ventures	(474)	6	33	2,322	1,392	3,279
Profit before income tax expense						38,437
Income tax expense						(9,846)
Profit for the period						28,591
Segment assets	1,245,019	323,539	373,288	494,502	1,522,284	3,958,632
Other assets						24,802
Investments in associates and joint ventures	39,974	1,114	10,041	41,752	23,000	115,881
Elimination of intersegment balances (a)						(1,713,983)
Total assets						2,385,332
Capital expenditure	48,005	5,058	1,462	6,731	397	61,653
Segment liabilities	499,972	123,510	180,866	156,043	704,983	1,665,374
Other liabilities						48,143
Elimination of intersegment balances (a)						(651,224)
Total liabilities						1,062,293

(Amounts in millions unless otherwise stated)

Geographical information

	Revenue		Non-current assets (b)	
	2016	2015	2016	2015
Six months ended June 30	RMB	RMB	RMB	RMB
Mainland China	513,488	597,120	1,745,932	1,721,110
Other	225,579	280,504	246,918	237,634
	739,067	877,624	1,992,850	1,958,744

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

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

16 CONTINGENT LIABILITIES

(a) Bank and other guarantees

At June 30, 2016 and December 31, 2015, the Group did not guarantee related parties or third parties any borrowings or others.

(b) Environmental liabilities

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

(c) Legal contingencies

Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(d) Group insurance

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

(Amounts in millions unless otherwise stated)

17 COMMITMENTS

(a) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land, buildings and equipment. Leases range from one to fifty years and usually do not contain renewal options. Future minimum lease payments as of June 30, 2016 and December 31, 2015 under non-cancellable operating leases are as follows:

	June 30, 2016	December 31, 2015
	RMB	RMB
No later than 1 year	9,482	9,859
Later than 1 year and no later than 5 years	29,504	30,425
Later than 5 years	146,929	152,053
	185,915	192,337

(b) Capital commitments

At June 30, 2016, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB 48,214 (December 31, 2015: RMB 56,310).

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

(c) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Land and Resources. No payments were incurred for the six months ended June 30, 2016 (six months ended June 30, 2015: nil).

Estimated annual payments for the next five years are as follows:

	June 30, 2016
	RMB
Within one year	800
Between one and two years	800
Between two and three years	800
Between three and four years	800
Between four and five years	800

18 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC government.

Related parties include CNPC and its fellow subsidiaries, their associates and joint ventures, other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members.

(a) Transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group

The Group has extensive transactions with other companies in CNPC and its fellow subsidiaries. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of CNPC and its fellow subsidiaries are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group which were carried out in the ordinary course of business, are as follows:

On August 25, 2011, based on the terms of the Comprehensive Products and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by CNPC and its fellow subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price. On the basis of the existing Comprehensive Products and Services Agreement, the Company and CNPC entered into a new Comprehensive Products and Services Agreement on August 28, 2014 for a period of three years which took effect on January 1, 2015. The new Comprehensive Products and Services Agreement has already incorporated the terms of the current Comprehensive Products and Services Agreement which was amended in 2011.

- Sales of goods represent the sale of crude oil, refined products, chemical products and natural gas, etc. The total amount of these transactions amounted to RMB 40,522 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 53,916).

(Amounts in millions unless otherwise stated)

- Sales of services principally represent the provision of services in connection with the transportation of crude oil and natural gas, etc. The total amount of these transactions amounted to RMB 2,310 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 2,293).

- Purchases of goods and services principally represent construction and technical services, production services, social services, ancillary services and material supply services, etc. The total amount of these transactions amounted to RMB 105,073 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 117,955).

- Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB 684 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 520).

- Amounts due from and to CNPC and its fellow subsidiaries, associates and joint ventures of the Group included in the following accounts captions are summarised as follows:

	June 30, 2016	December 31, 2015
	RMB	RMB
Accounts receivable	7,243	6,658
Prepayments and other receivables	14,463	7,253
Other non-current assets	12,831	11,619
Accounts payable and accrued liabilities	66,659	78,802
Other non-current liabilities	5,448	3,406

- Interest income represents interest from deposits placed with CNPC and its fellow subsidiaries. The total interest income amounted to RMB 82 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 99). The balance of deposits at June 30, 2016 was RMB 32,842 (December 31, 2015: RMB 19,961).

- Purchases of financial services principally represents interest charged on the loans from CNPC and its fellow subsidiaries, insurance fees, etc. The total amount of these transactions amounted to RMB 6,949 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 7,256).

- The borrowings from CNPC and its fellow subsidiaries at 30 June 2016 were RMB 289,890 (December 31, 2015: RMB 326,671).

- Rents and other payments made under financial leasing represent the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the financial leasing agreements entered into by the Group and CNPC and its fellow subsidiaries. The total rents and other payments made under financial leasing amounted to RMB 755 for the six months ended June 30, 2016 (six months ended June 30, 2015: RMB 605).

(Amounts in millions unless otherwise stated)

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Supplemental Land Use Rights Leasing Contract provides for the lease of land covering an aggregate area of approximately 1,783 million square meters located throughout the PRC at a maximal annual fee (exclusive of tax and government charges) of RMB 3,892. The Supplemental Land Use Rights Leasing Contract will expire at the same time as the Land Use Rights Leasing Contract. The area and total fee payable for the lease of all such property may be adjusted with the Company's operating needs and by reference to market price every three years. The Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract on August 28, 2014, which adjusted the rental payable and the area for the leased land parcels. The Company agreed to rent from CNPC parcels of land with an aggregate area of approximately 1,777 million square metres with rental payable adjusted to approximately RMB 4,831 in accordance with the area of leased land parcels and the current situation of the property market. The Land Use Rights Leasing Contract shall remain unchanged, apart from the rental payable and the leased area. The confirmation letter shall be effective from January 1, 2015.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effect thereafter. Under this contract, buildings covering an aggregate area of 734,316 square meters were leased at an average annual fee of RMB 1,049 yuan per square meter. The Revised Building Leasing Contract will expire at the same time as the Building Leasing Agreement. The area and total fee payable for the lease of all such property may, every three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed. The Company and CNPC each issued a confirmation letter to the Building Leasing Contract on August 28, 2014, which adjusted the rental payable and the gross floor area for the buildings leased. The Company agreed to lease from CNPC buildings with an aggregate gross floor area of approximately 1,179,586 square metres with rental payable adjusted to approximately RMB 708 in accordance with the gross floor area leased and the current situation of the market. The Building Leasing Contract and Supplemental Contract shall remain unchanged apart from the rental payable and the gross floor area leased. The confirmation letter shall be effective from January 1, 2015.

(b) Key management compensation

	Six months ended June 30	
	2016	2015
	RMB'000	RMB'000
Emoluments and other benefits	3,845	4,184
Contribution to retirement benefit scheme	873	416
	4,718	4,600

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group, the Group's transactions with other state-controlled entities include but not limited to the following:

- Sales and purchases of goods and services,
- Purchases of assets,
- Lease of assets, and
- Bank deposits and borrowings

These transactions are conducted in the ordinary course of the Group's business.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the headquarters of the Company in Beijing upon request by the relevant regulatory authorities and shareholders in accordance with the Articles of Association and the laws and regulations:

1. The financial statements under the hand and seal of the Chairman Mr Wang Yilin, Vice Chairman and President Mr Wang Dongjin and Chief Financial Officer Mr Zhao Dong of the Company.

2. The original copies of the documents and announcements of the Company published in the newspaper designated by the China Securities Regulatory Commission during the reporting period.

3. The Articles of Association of the Company.

CONFIRMATION FROM THE DIRECTORS AND SENIOR MANAGEMENT

According to the relevant provisions and requirements of the Securities Law of the People's Republic of China and Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the China Securities Regulatory Commission, as the Directors and senior management of PetroChina Company Limited, we have carefully reviewed the interim report for 2016 and concluded that this interim report truly, accurately and completely represents the business performance of the Company in the first half of 2016, it contains no false representations, misleading statements or material omissions and complies with laws, regulations and the requirements of the China Securities Regulatory Commission.

Signatures of the Directors and senior management:

Wang Yilin	Wang Dongjin	Yu Baocai	Shen Diancheng	Liu Yuezhen
Xu Wenrong	Liu Hongbin	Zhao Zhengzhang	Chen Zhiwu	Richard H. Matzke
Lin Boqiang	Zhang Biyi	Sun Longde	Huang Weihe	Xu Fugui
Lin Aiguo	Wang Lihua	Wu Enlai	Lv Gongxun	Tian Jinghui
Zhao Dong				

August 24, 2016

This interim report is prepared in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

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