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中国石油天然气股份有限公司
PetroChina Company Limited

PETROCHINA COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Hong Kong Stock Exchange Stock Code: 857; Shanghai Stock Exchange Stock Code: 601857)

ANNOUNCEMENT

Third Quarterly Report of 2016

1. Important Notice

- 1.1 The Board of Directors 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 from, or misrepresentation or misleading statements contained in this quarterly report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this quarterly report.
- 1.2 This quarterly report has been approved at the sixth meeting of the Board of Directors of the Company in 2016 (extraordinary). All Directors participated in the meeting of the Board of Directors.
- 1.3 Mr. Wang Yilin, Chairman of the Board of the Company, Mr. Wang Dongjin, Vice Chairman of the Board of the Company and President of the Company, and Mr. Zhao Dong, Chief Financial Officer of the Company, warrant the truthfulness, accuracy and completeness of the financial statements set out in this quarterly report.
- 1.4 The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with the China Accounting Standards ("CAS") and the International Financial Reporting Standards ("IFRS"), respectively. The financial statements set out in this quarterly report are unaudited.

2. Basic Information of the Company

2.1 Key Financial Data and Financial Indicators

2.1.1 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	2,405,704	2,393,844	0.5
Equity attributable to owners of the Company	1,181,910	1,179,716	0.2
Items	From the beginning of the year to the end of the reporting period		Changes over the same period of the preceding year (%)
Net cash flows from operating activities		190,917	(4.2)

Unit: RMB Million

Items	For the three months ended September 30 (July-September)			For the nine months ended September 30 (January-September)		
	2016	2015	Changes over the same period of the preceding year (%)	2016	2015	Changes over the same period of the preceding year (%)
Revenue	411,370	427,481	(3.8)	1,150,437	1,305,105	(11.9)
Profit attributable to owners of the Company	1,200	5,195	(76.9) (0.3)	1,731	30,601	(94.3) (2.5)
Return on net assets (%)	0.1	0.4	Percentage point	0.1	2.6	Percentage points
Basic earnings per share (RMB)	0.01	0.03	(76.9)	0.01	0.17	(94.3)
Diluted earnings per share (RMB)	0.01	0.03	(76.9)	0.01	0.17	(94.3)

2.1.2 Key Financial Data and Financial Indicators Prepared under CAS

Unit: RMB Million

Items	As at the end of		Changes from the end of the preceding year to the end of the reporting period (%)
	reporting period	the preceding year	
Total assets	2,405,988	2,394,094	0.5
Equity attributable to equity holders of the Company	1,182,176	1,179,968	0.2
Items	From the beginning of the year to the end of the reporting period		Changes over the same period of the preceding year (%)
Net cash flows from operating activities		190,917	(4.2)

Unit: RMB Million

Items	For the three months ended September 30 (July-September)			For the nine months ended September 30 (January-September)		
	2016	2015	Changes over the same period of the preceding year (%)	2016	2015	Changes over the same period of the preceding year (%)
Operating income	411,370	427,481	(3.8)	1,150,437	1,305,105	(11.9)
Net profit attributable to equity holders of the Company	1,196	5,194	(77.0)	1,724	30,598	(94.4)
Net profit/(loss) after deducting non-recurring profit/loss items attributable to equity holders of the Company	448	5,462	(91.8) (0.3)	(9,043)	31,310	- (2.5)
Weighted average return on net assets (%)	0.1	0.4	Percentage point	0.1	2.6	Percentage points
Basic earnings per share (RMB)	0.01	0.03	(77.0)	0.01	0.17	(94.4)
Diluted earnings per share (RMB)	0.01	0.03	(77.0)	0.01	0.17	(94.4)

Unit: RMB Million

Non-recurring profit/loss items	For the nine months ended September 30, 2016 profit/(loss)
Net loss on disposal of non-current assets	(1,521)
Government grants recognised in the income statement	3,592
Net gain on disposal of available-for-sale financial assets	36
Reversal of provisions for bad debts against receivables	16
Gain on disposal of investment in subsidiaries	24,654
Other non-operating income and expenses	(1,697)
Sub-total	25,080
Tax impact of non-recurring profit/loss items	(3,807)
Impact of non-controlling interests	(10,506)
Total	10,767

2.1.3 Differences between CAS and IFRS

Applicable Inapplicable

The consolidated net profit for the reporting period under IFRS and CAS were RMB20,794 million and RMB20,786 million, respectively, with a difference of RMB8 million; the consolidated shareholders' equity as at the end of the reporting period under IFRS and CAS were RMB1,364,321 million and RMB1,364,607 million, respectively, with a difference of RMB286 million, which was 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 for assets and liabilities injected by China National Petroleum Corporation ("CNPC"). The valuation results on assets other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

2.2 Number of Shareholders, Shareholdings of Top Ten Shareholders of Shares without Selling Restrictions and Shareholdings of Top Ten Shareholders as at the end of the Reporting Period

Number of shareholders as at the end of the reporting period		591,681 shareholders including 584,411 holders of A shares and 7,270 holders of H shares (including 231 holders of the American Depository Shares)	
Shareholdings of the top ten shareholders of shares without selling restrictions			
Name of shareholders		Number of shares held	Type of shares
1	CNPC	157,409,693,528 ⁽¹⁾	A shares
2	HKSCC Nominees Limited ⁽²⁾	20,853,237,386 ⁽³⁾	H shares
3	China Securities Finance Corporation Limited	1,131,911,498	A shares
4	Baosteel Group Corporation	624,000,000	A shares
5	Central Huijin Asset Management Co., Ltd.	206,109,200	A shares
6	Hong Kong Securities Clearing Company Limited ⁽⁴⁾	37,864,935	A shares
7	Industrial and Commercial Bank of China Limited-Shanghai 50 Index ETF Securities Investment Fund	35,636,403	A shares
8	China Life Insurance Company Limited-dividend-individual dividend-005L-FH002 Shanghai	22,132,986	A shares
9	China Construction Bank Corporation-Shanghai 180 Index ETF Securities Investment Fund	13,568,056	A shares
10	Quanzheng (Shanghai) Investment Management Centre (Limited Partnership)-Quanzheng No.1 Fund	12,515,328	A shares
Shareholdings of the top ten shareholders of shares			
Name of shareholders		Number of shares held	Type of shares
1	CNPC	157,409,693,528	A shares
2	HKSCC Nominees Limited	20,853,237,386	H shares
3	China Securities Finance Corporation Limited	1,131,911,498	A shares
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8	China Life Insurance Company Limited-dividend-individual dividend-005L-FH002 Shanghai	22,132,986	A shares
9	China Construction Bank Corporation-Shanghai 180 Index ETF Securities Investment Fund	13,568,056	A shares
10	Quanzheng (Shanghai) Investment Management Centre (Limited Partnership)-Quanzheng No.1 Fund	12,515,328	A shares
Statement on the connection or activities acting in concert among the above-mentioned shareholders: Except for HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited, both of which are wholly-owned subsidiaries of Hong Kong Exchanges and Clearing Limited, and China Securities Finance Corporation Limited and Central Huijin Asset Management Co., Ltd, both of which are holders of ordinary shares of Industrial and Commercial Bank of China Limited, China Life Insurance Company Limited and China Construction Bank Corporation, the Company is not aware of any connection among or between the other top ten shareholders or that they are persons acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.			

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

gratuitous shares transfer has been completed as at the date of this announcement. After the gratuitous shares 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 issued shares 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.

2.3 Number of Shareholders of Preferred Shares, Shareholdings of Top Ten Shareholders of Preferred Shares and Shareholdings of Top Ten Shareholders of Preferred Shares without Selling Restrictions as at the end of the Reporting Period

Applicable Inapplicable

2.4 Business Review

In the first three quarters of 2016, the world economy recovered weakly on an unbalanced basis with an increase in uncertainty and risks. China's economy was generally stable but still faced with a downward pressure. The international crude oil prices recovered with fluctuations after touching the bottom. The average spot price of North Sea Brent crude oil and the average spot price of the West Texas Intermediate ("WTI") crude oil were US\$41.88 per barrel and US\$41.41 per barrel respectively, representing a decrease of 24.3% and 18.7% as compared with the same period of last year. The domestic refined oil market reflected more competition with abundant supply. Facing the severe and complicated operating situation at home and abroad, the Group adhered to the guidelines of developing on a prudent basis, and continued to broaden sources of income, reduce expenditure, cut costs and enhance efficiency. The Group achieved stable and controlled production and operation and its operating results met expectations.

In respect of exploration and production, adhering to the principle of profitability, the Group continued to optimise its domestic crude oil production plan and output structure and pushed forward its domestic production and operation of natural gas in a steady way while maintaining a stable growth in the output of overseas oil and gas. In the first three quarters of 2016, the crude oil output of the Group amounted to 696.6 million barrels, representing a decrease of 3.6% as compared with the same period of last year.

of 7.5% as compared with the same period of last year. The Group reduced the diesel to gasoline ratio of its production down to 1.41, while the commercialised chemical products increased by 6.6% as compared with the same period of last year. In the first three quarters of 2016, the refining and chemicals segment achieved an operating profit of RMB34,311 million, representing an increase of RMB31,252 million as compared with the operating profit of RMB3,059 million for the same period of last year. The refining operations achieved an operating profit of RMB25,716 million, representing an increase of RMB24,055 million as compared with the operating profit of RMB1,661 million for the same period of last year. The chemicals operations achieved an operating profit of RMB8,595 million, representing an increase of RMB7,197 million as compared with the operating profit of RMB1,398 million for the same period of last year.

In respect of marketing, facing such challenges as the slowdown in the growth of consumption of refined products, the downward movements of prices and fierce competition, the Group explored multiple marketing channels, optimised its sales structure, and fully leveraged the role of international trade in regulating resources and creating profitability. In the first three quarters of 2016, the Group sold 118.727 million tons of gasoline, diesel and kerosene, staying stable as compared with the same period of last year. In the first three quarters of 2016, the marketing segment achieved an operating profit of RMB6,805 million, representing an increase in profit of RMB7,783 million as compared with the operating loss of RMB978 million for the same period of last year.

In respect of natural gas and pipeline, the Group cut down comprehensive purchase costs by coordinating and optimising the utilisation of various resources as domestically produced gas and imported gas, kept improving the operating efficiency and profitability of pipelines network, and adjusted its marketing strategy based on seasonal factors. In the first three quarters of 2016, as a result of the drop in natural gas prices as compared with the same period of last year and other factors, the natural gas and pipeline segment achieved an operating profit of RMB17,857 million, representing a decrease of 29.7% as compared with the operating profit of RMB25,384 million for the same period of last year. In the first three quarters of 2016, the net loss incurred from sales of imported gas and LNG in the natural gas and pipeline segment amounted to RMB10,573 million, representing a decrease in loss of RMB1,198 million as compared with the same period of last year.

In the first three quarters of 2016, the average realised price for crude oil of the Group was US\$35.79 per barrel, representing a drop of 30.0% as compared with the same period of last year, of which the domestic realised price was US\$35.14 per barrel; and the average realised price for natural gas was US\$4.67 per thousand cubic feet, representing a decrease of 27.0% as compared with the same period of last year, of which the domestic realised price was US\$4.98 per thousand cubic feet.

Summary of Key Operating Data for the First Three Quarters of 2016

Operating Data	Unit	For the nine months ended September 30		Changes over the same period of the preceding year (%)
		2016	2015	
Crude oil output	Million barrels	696.6	722.9	(3.6)
of which: domestic	Million barrels	575.2	606.2	(5.1)
overseas	Million barrels	121.4	116.7	4.0
Marketable natural gas output	Billion cubic feet	2,428.9	2,289.0	6.1
of which: domestic	Billion cubic feet	2,229.1	2,128.1	4.8
overseas	Billion cubic feet	199.8	160.9	24.1
Oil and natural gas equivalent output	Million barrels	1,101.5	1,104.5	(0.3)
of which: domestic	Million barrels	946.8	960.9	(1.5)
overseas	Million barrels	154.7	143.6	7.8
Processed crude oil	Million barrels	707.9	741.7	(4.6)
Gasoline, kerosene and diesel output	Thousand tons	63,669	68,802	(7.5)
of which: Gasoline	Thousand tons	24,563	23,827	3.1
Kerosene	Thousand tons	4,475	4,035	10.9
Diesel	Thousand tons	34,631	40,940	(15.4)
Gasoline, kerosene and diesel sales	Thousand tons	118,727	119,298	(0.5)
of which: Gasoline	Thousand tons	46,773	45,854	2.0
Kerosene	Thousand tons	12,191	10,710	13.8
Diesel	Thousand tons	59,763	62,734	(4.7)
Output of key chemical products				
Ethylene	Thousand tons	4,147	3,595	15.4
Synthetic resin	Thousand tons	6,781	5,898	15.0
Synthetic fiber raw materials and polymer	Thousand tons	1,054	989	6.6
Synthetic rubber	Thousand tons	568	512	10.9
Urea	Thousand tons	1,657	1,788	(7.3)

Notes: (1) 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.

3 Significant Events

3.1 Significant changes in key accounting items and financial indicators under CAS and explanation of such changes

√Applicable □Inapplicable

Unit: RMB Million

Items	September 30, 2016	December 31, 2015	Changes (%)	Key explanation of the changes
Cash at bank and on hand	120,822	73,692	64.0	Mainly due to the receipt of funds raised from corporate bonds and short-term borrowings
Advances to suppliers	28,693	19,313	48.6	Mainly due to the increase in advances for materials as compared with that at the end of preceding year
Short-term borrowings	100,436	70,059	43.4	Mainly due to the increase in short-term borrowings for the purpose of reducing financing costs and optimising the debt structure
Employee compensation payable	11,770	5,900	99.5	Mainly due to the increase in the outstanding amount of remuneration payable as compared with that at the end of last year
Other current liabilities	9,709	4,326	124.4	Mainly due to the provision for 2016 interim dividend during the period
Debentures payable	141,620	105,014	34.9	Mainly due to the issuance of corporate bonds during the reporting period

Items	For the nine months ended September 30		Changes (%)	Key explanation of the changes
	2016	2015		
Asset impairment losses	83	39	112.8	Mainly due to the provision for impairment of long-term equity investment recognized by the Group during the reporting period
Investment income	28,417	3,525	706.2	Mainly due to the disposable gain of part of equity interests of Trans-Asia Gas Pipeline Co., Ltd. amounting to RMB24,534 million during the reporting period
Operating profit	31,456	46,673	(32.6)	Mainly due to the drop of prices of oil and gas products which resulted in a significant decrease in revenue as compared with the same period last year
Profit before taxation	33,430	47,858	(30.1)	
Net profit	20,786	35,889	(42.1)	
Net profit attributable to non-controlling interests	19,062	5,291	260.3	Mainly due to the increase in the net profit of certain subsidiaries of the Group
Net profit attributable to equity holders of the Company	1,724	30,598	(94.4)	Mainly due to the combined impacts of the decrease in profits of the Company as a result of the drop of prices of oil and gas products, and the increase in the net profit attributable to non-controlling interests
Basic earnings per share (RMB Yuan)	0.01	0.17	(94.4)	
Diluted earnings per share (RMB Yuan)	0.01	0.17	(94.4)	

Items	For the nine months ended September 30		Changes (%)	Key explanation of the changes
	2016	2015		
Other comprehensive income/(loss)	6,965	(14,999)	-	Mainly due to the increase in translation differences arising on translation of foreign currency financial statements caused by the appreciation of the foreign currency such as US dollar and Tenge against RMB
Share of other comprehensive income/(loss) of equity-accounted investee	247	(35)	-	Mainly due to the increase in the market value of available-for-sale financial assets held by associates and joint ventures
Gains or losses arising from changes in fair value of available-for-sale financial assets	(479)	56	-	Mainly due to the changes in fair value of available-for-sale financial assets held by the Group
Translation differences arising on translation of foreign currency financial statements	5,237	(11,881)	-	Mainly due to the increase in translation differences arising on translation of foreign currency financial statements caused by the appreciation of the foreign currency such as US dollar and Tenge against RMB
Other comprehensive income/(loss) attributable to non-controlling interests of the Company, net of tax	1,960	(3,139)	-	
Total comprehensive income	27,751	20,890	32.8	Mainly due to the combined impacts of the drop of prices of oil and gas product, the increase in the net profit of certain subsidiaries and the currency appreciation of some overseas resource countries
Total comprehensive income attributable to equity holders of the Company	6,729	18,738	(64.1)	Mainly due to the combined impacts of the decrease in the profits of the Company and the currency appreciation of some overseas resource countries
Total comprehensive income attributable to non-controlling interests of the Company	21,022	2,152	876.9	Mainly due to the increase in the net profit of certain subsidiaries of the Group and and the currency appreciation of some overseas resource countries

3.2 Developments and impacts of significant events as well as the analysis of and explanation for the solutions

Applicable Inapplicable

3.3 Status of fulfilment of undertakings given by the Company and shareholders with a shareholding of 5% or more

Applicable Inapplicable

During the reporting period, the undertaking given by CNPC, the controlling shareholder of the Company, and the fulfilment thereof were consistent with the information disclosed in the section headed “Significant Events” of the 2016 Interim Report of the Company. There have been no events affecting the performance of these undertakings.

3.4 Caution and explanation as to the anticipated accumulated losses or significant changes over the same period of the preceding year

Applicable Inapplicable

In the first three quarters of 2016, the prices of crude oil fluctuated at a low level, which had a significant impact on the profitability of the Company. If the prices of crude oil remain at the low level in the fourth quarter of 2016, it is expected that there will be a significant decrease in the crude oil price realised by the Company as compared with the same period of last year. The net profit of the Company attributable to equity holders of the Company for 2016 is expected to decrease substantially as compared with the same period of last year.

The above estimation was only preliminary, please refer to 2016 Annual Report to be officially disclosed by the Company for specific and accurate financial information.

3.5 Matters after the Balance Sheet Date

Applicable Inapplicable

The *Notice of National Development and Reform Commission Regarding the Circulation of the Administrative Measures for the Transportation Price of Natural Gas Pipelines (for trial implementation) and the Measures for Monitoring the Pricing Costs of Transportation of Natural Gas by Pipelines (for trial implementation)* (《國家發展改革委關於印發<天然氣管道運輸價格管理辦法(試行)>和<天然氣管道運輸定價成本監審辦法(試行)>的通知》) issued by the National Development and Reform Commission (the “NDRC”) (Fa Gai Jia Ge Gui [2016] No.2142), in force as from January 1, 2017, stipulates that: (1) the pricing method shall follow the principle of “permitted cost plus reasonable income” and the method and procedures for determining and adjusting prices and the related core indexes such as permitted income rate and load rate are also defined; (2) it is required that independent accounting should be conducted in respect of the natural gas transportation business with the related costs to be calculated separately, and the standards for determining the major indexes constituting costs are also defined; and (3) appropriate public disclosure of cost-related information is required.

By Order of the Board of Directors
PetroChina Company Limited
Wang Yilin
Chairman
Beijing, the PRC
October 28, 2016

As at the date of this announcement, the board of directors of the Company comprises Mr Wang Yilin as the Chairman; Mr Zhang Jianhua as the Vice Chairman and non-executive Director, Mr Wang Dongjin as the Vice Chairman and executive Director; Mr Yu Baocai, Mr Shen Diancheng, Mr Liu Yuezhen, Mr Xu Wenrong and Mr Liu Hongbin as non-executive Directors; and Mr Zhao Zhengzhang as executive Director; and Mr Chen Zhiwu, Mr Richard H. Matzke, Mr Lin Boqiang and Mr Zhang Biyi as independent non-executive Directors.

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

4 Appendix

A. Financial statements for the third quarter of 2016 prepared in accordance with IFRS

1-1 Consolidated Statement of Comprehensive Income

	Three months ended September 30	
	2016	2015
	RMB million	RMB million
REVENUE	411,370	427,481
OPERATING EXPENSES		
Purchases, services and other	(252,539)	(265,706)
Employee compensation costs	(28,223)	(28,289)
Exploration expenses, including exploratory dry holes	(6,783)	(4,616)
Depreciation, depletion and amortisation	(50,575)	(45,664)
Selling, general and administrative expenses	(17,792)	(17,224)
Taxes other than income taxes	(45,933)	(50,045)
Other income, net	1,450	269
TOTAL OPERATING EXPENSES	(400,395)	(411,275)
PROFIT FROM OPERATIONS	10,975	16,206
FINANCE COSTS		
Exchange gain	325	4,238
Exchange loss	(314)	(5,291)
Interest income	1,075	344
Interest expense	(6,245)	(5,787)
TOTAL NET FINANCE COSTS	(5,159)	(6,496)
SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND JOINT VENTURES	1,021	(285)
PROFIT BEFORE INCOME TAX EXPENSE	6,837	9,425
INCOME TAX EXPENSE	(2,948)	(2,124)
PROFIT FOR THE PERIOD	3,889	7,301
OTHER COMPREHENSIVE INCOME / (LOSS)		
RECLASSIFIABLE TO PROFIT OR LOSS:		
Currency translation differences	602	(10,458)
Fair value gain from available-for-sale financial assets, net of tax	471	22
Share of the other comprehensive loss of associates and joint ventures accounted for using the equity method	114	224
OTHER COMPREHENSIVE INCOME / (LOSS), NET OF TAX	1,187	(10,212)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	5,076	(2,911)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	1,200	5,195
Non-controlling interests	2,689	2,106
	3,889	7,301
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	2,013	(2,312)
Non-controlling interests	3,063	(599)
	5,076	(2,911)
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	0.01	0.03

1-2 Consolidated Statement of Comprehensive Income

	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
REVENUE	1,150,437	1,305,105
OPERATING EXPENSES		
Purchases, services and other	(680,473)	(793,728)
Employee compensation costs	(85,069)	(85,579)
Exploration expenses, including exploratory dry holes	(15,804)	(17,015)
Depreciation, depletion and amortisation	(156,560)	(137,547)
Selling, general and administrative expenses	(53,022)	(54,716)
Taxes other than income taxes	(140,714)	(155,327)
Other income, net	26,720	2,128
TOTAL OPERATING EXPENSES	(1,104,922)	(1,241,784)
PROFIT FROM OPERATIONS	45,515	63,321
FINANCE COSTS		
Exchange gain	6,518	6,329
Exchange loss	(5,970)	(7,649)
Interest income	1,833	1,219
Interest expense	(18,176)	(18,352)
TOTAL NET FINANCE COSTS	(15,795)	(18,453)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES	3,717	2,994
PROFIT BEFORE INCOME TAX EXPENSE	33,437	47,862
INCOME TAX EXPENSE	(12,643)	(11,970)
PROFIT FOR THE PERIOD	20,794	35,892
OTHER COMPREHENSIVE INCOME RECLASSIFIABLE TO PROFIT OR LOSS:		
Currency translation differences	7,176	(15,012)
Fair value gains or losses from available-for-sale financial assets, net of tax	(479)	56
Share of the other comprehensive income / (loss) of associates and joint ventures accounted for using the equity method	247	(43)
OTHER COMPREHENSIVE INCOME / (LOSS), NET OF TAX	6,944	(14,999)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	27,738	20,893
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	1,731	30,601
Non-controlling interests	19,063	5,291
	20,794	35,892
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Owners of the Company	6,715	18,741
Non-controlling interests	21,023	2,152
	27,738	20,893
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	0.01	0.17

2. Consolidated Statement of Financial Position

	September 30, 2016	December 31, 2015
	RMB million	RMB million
NON-CURRENT ASSETS		
Property, plant and equipment	1,719,739	1,784,905
Investments in associates and joint ventures	82,024	70,976
Available-for-sale financial assets	2,252	2,869
Advance operating lease payments	69,865	70,551
Intangible and other non-current assets	99,812	98,272
Deferred tax assets	16,910	16,927
TOTAL NON-CURRENT ASSETS	1,990,602	2,044,500
CURRENT ASSETS		
Inventories	131,784	126,877
Accounts receivable	61,933	52,262
Prepayment and other current assets	91,892	88,280
Notes receivable	8,671	8,233
Time deposits with maturities over three months but within one year	875	919
Cash and cash equivalents	119,947	72,773
TOTAL CURRENT ASSETS	415,102	349,344
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	331,602	331,040
Income taxes payable	9,242	7,879
Other taxes payable	27,147	26,262
Short-term borrowings	141,016	106,226
TOTAL CURRENT LIABILITIES	509,007	471,407
NET CURRENT LIABILITIES	(93,905)	(122,063)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,896,697	1,922,437
EQUITY		
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:		
Share capital	183,021	183,021
Retained earnings	705,030	711,755
Reserves	293,859	284,940
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	1,181,910	1,179,716
NON-CONTROLLING INTERESTS	182,411	164,318
TOTAL EQUITY	1,364,321	1,344,034
NON-CURRENT LIABILITIES		
Long-term borrowings	383,941	434,475
Asset retirement obligations	124,185	117,996
Deferred tax liabilities	12,073	13,120
Other long-term obligations	12,177	12,812
TOTAL NON-CURRENT LIABILITIES	532,376	578,403
TOTAL EQUITY AND NON-CURRENT LIABILITIES	1,896,697	1,922,437

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

3. Consolidated Statement of Cash Flows

	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	20,794	35,892
Adjustments for:		
Income tax expense	12,643	11,970
Depreciation, depletion and amortisation	156,560	137,547
Capitalised exploratory costs charged to expense	8,398	9,855
Safety fund reserve	3,553	3,744
Share of profit of associates and joint ventures	(3,717)	(2,994)
Reversal of provision for impairment of receivables, net	7	(73)
Write down in inventories, net	76	131
Gain on disposal of available-for-sale financial assets	(36)	(268)
Loss on disposal of property, plant and equipment	918	314
Gain on disposal of other non-current assets	(10)	(15)
Gain on disposal of subsidiaries	(24,637)	-
Loss on disposal of associates and joint ventures	24	-
Dividend income	(51)	(263)
Interest income	(1,833)	(1,219)
Interest expense	18,176	18,352
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(19,070)	(19,885)
Inventories	(4,914)	25,074
Accounts payable and accrued liabilities	38,378	(7,819)
CASH FLOWS GENERATED FROM OPERATIONS	205,259	210,343
Income taxes paid	(14,342)	(11,002)
NET CASH FLOWS FROM OPERATING ACTIVITIES	190,917	199,341

3. Consolidated Statement of Cash Flows (Continued)

	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(114,146)	(147,864)
Acquisition of investments in associates and joint ventures	(1,563)	(1,217)
Acquisition of available-for-sale financial assets	(395)	(272)
Advance payments on long-term operating leases	(1,663)	(1,729)
Acquisition of intangible assets and other non-current assets	(2,895)	(1,357)
Proceeds from disposal of property, plant and equipment	173	344
Proceeds from disposal of other non-current assets	667	677
Interest received	1,655	1,277
Dividends received	10,135	6,869
Decrease in time deposits with maturities over three months	47	4,002
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(107,985)	(139,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(326,578)	(382,176)
Repayments of long-term borrowings	(246,665)	(175,052)
Interest paid	(14,043)	(15,400)
Dividends paid to non-controlling interests	(1,494)	(3,641)
Dividends paid to owners of the Company	(4,648)	(27,452)
Increase in short-term borrowings	356,628	374,286
Increase in long-term borrowings	199,727	195,230
Capital contribution from non-controlling interests	652	289
Capital reduction of subsidiaries	(1)	(290)
Decrease in other long-term obligations	(675)	(3,437)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(37,097)	(37,643)
TRANSLATION OF FOREIGN CURRENCY		
	1,339	(765)
Increase in cash and cash equivalents	47,174	21,663
Cash and cash equivalents at beginning of the period	72,773	73,778
Cash and cash equivalents at end of the period	119,947	95,441

4. Segment Information

	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Revenue		
Exploration and Production		
Intersegment sales	229,820	293,672
Revenue from external customers	53,180	69,950
	<u>283,000</u>	<u>363,622</u>
Refining and Chemicals		
Intersegment sales	320,537	386,569
Revenue from external customers	102,428	105,853
	<u>422,965</u>	<u>492,422</u>
Marketing		
Intersegment sales	88,838	113,033
Revenue from external customers	840,221	943,184
	<u>929,059</u>	<u>1,056,217</u>
Natural Gas and Pipeline		
Intersegment sales	20,978	19,859
Revenue from external customers	153,706	185,166
	<u>174,684</u>	<u>205,025</u>
Head Office and Other		
Intersegment sales	223	252
Revenue from external customers	902	952
	<u>1,125</u>	<u>1,204</u>
Total revenue from external customers	<u>1,150,437</u>	<u>1,305,105</u>
(Loss) / profit from operations		
Exploration and Production	(3,949)	46,513
Refining and Chemicals	34,311	3,059
Marketing	6,805	(978)
Natural Gas and Pipeline	17,857	25,384
Head Office and Other	(9,509)	(10,657)
	<u>45,515</u>	<u>63,321</u>

B. Financial statements for the third quarter of 2016 prepared in accordance with CAS

1. Consolidated Balance Sheet

ASSETS	September 30, 2016	December 31, 2015
	RMB million	RMB million
Current assets		
Cash at bank and on hand	120,822	73,692
Notes receivable	8,671	8,233
Accounts receivable	61,933	52,262

1. Consolidated Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2016 RMB million	December 31, 2015 RMB million
Current liabilities		
Short-term borrowings	100,436	70,059
Notes payable	6,116	7,066
Accounts payable	176,785	202,885
Advances from customers	62,722	50,930
Employee compensation payable	11,770	5,900
Taxes payable	36,389	34,141
Other payables	64,500	59,933
Current portion of non-current liabilities	40,580	36,167
Other current liabilities	9,709	4,326
Total current liabilities	509,007	471,407
Non-current liabilities		
Long-term borrowings	242,321	329,461
Debentures payable	141,620	105,014
Provisions	124,185	117,996
Deferred tax liabilities	12,071	13,116
Other non-current liabilities	12,177	12,812
Total non-current liabilities	532,374	578,399
Total liabilities	1,041,381	1,049,806
Shareholders' equity		
Share capital	183,021	183,021
Capital surplus	128,516	128,008
Special reserve	15,075	11,648
Other comprehensive income	(31,272)	(36,277)
Surplus reserves	186,840	186,840
Undistributed profits	699,996	706,728
Equity attributable to equity holders of the Company	1,182,176	1,179,968
Non-controlling interests	182,431	164,320
Total shareholders' equity	1,364,607	1,344,288
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,405,988	2,394,094

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

2. Company Balance Sheet

ASSETS	September 30, 2016	December 31, 2015
	RMB million	RMB million
Current assets		
Cash at bank and on hand	47,029	12,970
Notes receivable	6,278	6,745
Accounts receivable	12,640	7,362
Advances to suppliers	12,336	2,986
Other receivables	60,044	124,601
Inventories	88,811	91,912
Other current assets	40,512	42,268
Total current assets	267,650	288,844
Non-current assets		
Available-for-sale financial assets	1,464	1,528
Long-term equity investments	376,555	379,914
Fixed assets	340,808	356,658
Oil and gas properties	560,191	596,163
Construction in progress	117,037	116,889
Construction materials	3,286	2,843
Intangible assets	52,161	53,336
Long-term prepaid expenses	20,700	21,411
Deferred tax assets	13,230	13,490
Other non-current assets	13,360	12,312
Total non-current assets	1,498,792	1,554,544
TOTAL ASSETS	1,766,442	1,843,388

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

2. Company Balance Sheet (Continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2016 RMB million	December 31, 2015 RMB million
-------------------------------------------------	-------------------------------------------------	------------------------------------------------

3-1. Consolidated Income Statement

Items	Three months ended September 30	
	2016	2015
	RMB million	RMB million
Operating income	411,370	427,481
Less: Cost of sales	(323,003)	(328,410)
Taxes and levies on operations	(44,471)	(48,864)
Selling expenses	(15,745)	(15,813)
General and administrative expenses	(18,158)	(18,126)
Finance expenses	(5,485)	(6,737)
Asset impairment losses	(4)	43
Add: Investment income / (loss)	1,154	(264)
Operating profit	5,658	9,310
Add: Non-operating income	2,632	1,773
Less: Non-operating expenses	(1,457)	(1,659)
Profit before taxation	6,833	9,424
Less: Taxation	(2,948)	(2,124)
Net profit	3,885	7,300
Attributable to:		
Equity holders of the Company	1,196	5,194
Non-controlling interests	2,689	2,106
Earnings per share		
Basic earnings per share (RMB Yuan)	0.01	0.03
Diluted earnings per share (RMB Yuan)	0.01	0.03
Other comprehensive income / (loss)	1,207	(10,212)
Other comprehensive income / (loss) attributable to equity holders of the Company, net of tax	834	(7,507)
Other comprehensive income / (loss) would be reclassified to profit or loss		
Including:		
Share of other comprehensive income of equity-accounted investee	114	222
Gains or losses arising from changes in fair value of available-for-sale financial assets	471	22
Translation differences arising on translation of foreign currency financial statements	249	(7,751)
Other comprehensive income / (loss) attributable to non-controlling interests of the Company, net of tax	373	(2,705)
Total comprehensive income / (loss)	5,092	(2,912)
Attributable to:		
Equity holders of the Company	2,030	(2,313)
Non-controlling interests	3,062	(599)

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

3-2. Consolidated Income Statement

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Operating income	1,150,437	1,305,105
Less: Cost of sales	(889,907)	(984,100)
Taxes and levies on operations	(136,555)	(151,825)
Selling expenses	(45,644)	(46,268)
General and administrative expenses	(58,534)	(60,517)
Finance expenses	(16,675)	(19,208)
Asset impairment losses	(83)	(39)
Add: Investment income	28,417	3,525
Operating profit	31,456	46,673
Add: Non-operating income	6,820	6,021
Less: Non-operating expenses	(4,846)	(4,836)
Profit before taxation	33,430	47,858
Less: Taxation	(12,644)	(11,969)
Net profit	20,786	35,889
Attributable to:		
Equity holders of the Company	1,724	30,598
Non-controlling interests	19,062	5,291
Earnings per share		
Basic earnings per share (RMB Yuan)	0.01	0.17
Diluted earnings per share (RMB Yuan)	0.01	0.17
Other comprehensive income / (loss)	6,965	(14,999)
Other comprehensive income / (loss) attributable to equity holders of the Company, net of tax	5,005	(11,860)
Other comprehensive income / (loss) would be reclassified to profit or loss		
Including:		
Share of other comprehensive income / (loss) of equity-accounted investee	247	(35)
Gains or losses arising from changes in fair value of available-for-sale financial assets	(479)	56
Translation differences arising on translation of foreign currency financial statements	5,237	(11,881)
Other comprehensive income / (loss) attributable to non-controlling interests of the Company, net of tax	1,960	(3,139)
Total comprehensive income	27,751	20,890
Attributable to:		
Equity holders of the Company	6,729	18,738
Non-controlling interests	21,022	2,152

Chairman
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Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

4-1. Income Statement

Items	Three months ended September 30	
	2016	2015
	RMB million	RMB million
Operating income	243,242	271,403
Less: Cost of sales	(184,617)	(203,675)
Taxes and levies on operations	(37,793)	(42,395)
Selling expenses	(11,007)	(11,200)
General and administrative expenses	(12,202)	(12,444)
Finance expenses	(4,699)	(5,567)
Asset impairment losses	(7)	(1)
Add: Investment income	1,458	6,031
Operating (loss) / profit	(5,625)	2,152
Add: Non-operating income	1,576	1,368
Less: Non-operating expenses	(1,731)	(1,536)
(Loss) / profit before taxation	(5,780)	1,984
Less: Taxation	108	(558)
Net (loss) / profit	(5,672)	1,426
(Loss) / earnings per share		
Basic (loss) / earnings per share (RMB Yuan)	(0.03)	0.01
Diluted (loss) / earnings per share (RMB Yuan)	(0.03)	0.01
Other comprehensive income	132	98
Other comprehensive income attributable to equity holders of the Company, net of tax	132	98
Other comprehensive income would be reclassified to profit or loss		
Including:		
Share of other comprehensive income of equity accounted investee	115	212
Gains or losses arising from changes in fair value of available-for-sale financial assets	17	(114)
Total comprehensive (loss) / income	(5,540)	1,524

Chairman
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Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

4-2. Income Statement

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Operating income	711,273	817,653
Less: Cost of sales	(530,891)	(594,995)
Taxes and levies on operations	(117,828)	(134,163)
Selling expenses	(31,838)	(31,836)
General and administrative expenses	(41,644)	(43,864)
Finance expenses	(14,449)	(16,152)
Asset impairment losses	(19)	14
Add: Investment income	12,789	19,993
Operating (loss) / profit	(12,607)	16,650
Add: Non-operating income	4,318	7,635
Less: Non-operating expenses	(4,621)	(4,250)
(Loss) / profit before taxation	(12,910)	20,035
Less: Taxation	(1,134)	(1,802)
Net (loss) / profit	(14,044)	18,233
(Loss) / earnings per share		
Basic (loss) / earnings per share (RMB Yuan)	(0.08)	0.10
Diluted (loss) / earnings per share (RMB Yuan)	(0.08)	0.10
Other comprehensive income / (loss)	187	(171)
Other comprehensive income / (loss) attributable to equity holders of the Company, net of tax	187	(171)
Other comprehensive income / (loss) would be reclassified to profit or loss		
Including:		
Share of other comprehensive income / (loss) of equity-accounted investee	237	(38)
Gains or losses arising from changes in fair value of available-for-sale financial assets	(50)	(133)
Total comprehensive (loss) / income	(13,857)	18,062

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

5. Consolidated Cash Flow Statement

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Cash flows from operating activities		
Cash received from sales of goods and rendering of services	1,341,231	1,508,443
Refund of taxes and levies	1,353	1,189
Cash received relating to other operating activities	2,003	1,620
Sub-total of cash inflows	1,344,587	1,511,252
Cash paid for goods and services	(813,893)	(927,457)
Cash paid to and on behalf of employees	(79,155)	(80,522)
Payments of taxes and levies	(222,604)	(264,066)
Cash paid relating to other operating activities	(38,018)	(39,866)
Sub-total of cash outflows	(1,153,670)	(1,311,911)
Net cash flows from operating activities	190,917	199,341
Cash flows from investing activities		
Cash received from disposal of investments	721	5,741
Cash received from returns on investments	11,790	8,146
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	189	375
Sub-total of cash inflows	12,700	14,262
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets	(118,704)	(150,950)
Cash paid to acquire investments	(1,981)	(2,582)
Sub-total of cash outflows	(120,685)	(153,532)
Net cash flows from investing activities	(107,985)	(139,270)

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

5. Consolidated Cash Flow Statement (Continued)

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Cash flows from financing activities		
Cash received from capital contributions	652	289
Including: Cash received from non-controlling interests' capital contributions to subsidiaries	652	289
Cash received from borrowings	556,355	569,516
Cash received relating to other financing activities	31	61
Sub-total of cash inflows	557,038	569,866
Cash repayments of borrowings	(573,243)	(557,228)
Cash payments for interest expenses and distribution of dividends or profits	(20,185)	(46,493)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests	(1,494)	(3,641)
Capital reduction of subsidiaries	(1)	(290)
Cash payments relating to other financing activities	(706)	(3,498)
Sub-total of cash outflows	(594,135)	(607,509)
Net cash flows used for financing activities	(37,097)	(37,643)
Effect of foreign exchange rate changes on cash and cash equivalents	1,339	(765)
Net increase in cash and cash equivalents	47,174	21,663
Add: Cash and cash equivalents at beginning of the period	72,773	73,778
Cash and cash equivalents at end of the period	119,947	95,441

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

6. Company Cash Flow Statement

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Cash flows from operating activities		
Cash received from sales of goods and rendering of services	831,089	946,154
Refund of taxes and levies	437	374
Cash received relating to other operating activities	4,288	12,660
Sub-total of cash inflows	835,814	959,188
Cash paid for goods and services	(435,704)	(521,586)
Cash paid to and on behalf of employees	(56,354)	(56,999)
Payments of taxes and levies	(174,181)	(211,483)
Cash paid relating to other operating activities	(1,706)	(17,470)
Sub-total of cash outflows	(667,945)	(807,538)
Net cash flows from operating activities	167,869	151,650
Cash flows from investing activities		
Cash received from disposal of investments	53,503	686
Cash received from returns on investments	10,549	26,740
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	146	261
Sub-total of cash inflows	64,198	27,687
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets	(84,017)	(109,211)
Cash paid to acquire investments	(24,548)	(1,442)
Sub-total of cash outflows	(108,565)	(110,653)
Net cash flows from investing activities	(44,367)	(82,966)

Chairman
Wang Yilin

Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong

6. Company Cash Flow Statement (Continued)

Items	Nine months ended September 30	
	2016	2015
	RMB million	RMB million
Cash flows from financing activities		
Cash received from borrowings	251,764	252,543
Cash received relating to other financing activities	25	40
Sub-total of cash inflows	<u>251,789</u>	<u>252,583</u>
Cash repayments of borrowings	(324,058)	(263,471)
Cash payments for interest expenses and distribution of dividends or profits	(17,174)	(50,809)
Sub-total of cash outflows	<u>(341,232)</u>	<u>(314,280)</u>
Net cash flows from financing activities	<u>(89,443)</u>	<u>(61,697)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	-	-
Net increase in cash and cash equivalents	34,059	6,987
Add: Cash and cash equivalents at beginning of the period	12,970	38,507
Cash and cash equivalents at end of the period	<u><u>47,029</u></u>	<u><u>45,494</u></u>

Chairman
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Vice Chairman and President
Wang Dongjin

Chief Financial Officer
Zhao Dong