2013 Annual Results Presentation
 Disclaimer

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Board and Management

- Mr. ZHOU Jiping: Chairman
- Mr. SUN Longde: Vice President
- Mr. YU Yibo: Chief Financial Officer
- Mr. WU Enlai: Secretary to the Board of Directors
1. Welcome Remarks by Chairman
2. 2013 Annual Results Presentation
3. Q&A Session
Welcome Remarks by Chairman
2013 Operating Highlights
Operating Results

1. Oil and gas reserves and production maintained stable growth

2. Refining and chemicals business optimized operations

3. Marketing business achieved enhancement in both quality and quantity

4. Construction of major oil and gas pipelines progressed steadily. Natural gas business development accelerated

5. Overseas business achieved key breakthroughs

6. Safety and environmental protection continued to improve steadily

7. Operations and management mode further reformed. Actively promoted the mixed ownership economy
Oil and Gas Reserves Maintained Stable Growth

Key Domestic Exploration Discovery Regions

Strategic discoveries and key results:

- **Sichuan Basin**: Anyue Gas Field, Longwangmiao Gas Reservoir
- **Erdos Basin**: Jiyuan
- **Tarim Basin**: Keshen Structure
- **Junggar Basin**: Mahu Slope Zone
- **Qaidam Basin**: Altun Mountains
- **Bohai Bay Basin**: Liaohe West Depression

According to independent reserves assessment, the Company achieved oil and gas reserve replacement ratio of 1.06 for 2013
The Longwangmiao Gas Reservoir in Sichuan Anyue Gas Field

Gas Reservoir Features:
- Large scale reserves and gas-bearing area
- High yield gas well and high pressure of the gas reservoir
- Good natural gas quality, efficiency of exploration and result of trial output

Gas Reservoir Development: Designed annual production capacity of 11 billion cubic meters, construction of production capacity of 5 billion cubic meters by 2014, construction of another production capacity of 6 billion cubic meters after 2015. Expected steady production period of 15.5 years

Newly added proven reserve area of Longwangmiao Gas Reservoir in Anyue Gas Field

Newly added natural gas proven geological reserves reached 440.385 billion cubic meters as approved by the Ministry of Land and Resources
Newly added proven gas reserves reached 187.5 billion cubic meters as evaluated by the SEC
Crude Output Grew Steadily
Natural Gas Output Maintained Rapid Growth

**Crude Output**

- Domestic production
- Overseas net production

**Crude Price**

- **2012**
  - Crude: 103.65 USD/barrel
  - Marketable natural gas: 103.65 USD/barrel
- **2013**
  - Crude: 100.42 USD/barrel
  - Marketable natural gas: 100.42 USD/barrel

**Marketable Natural Gas Output**

- **2012**
  - Crude: 2,558.8 Bln cf
  - Marketable natural gas: 1,343.1 Bln cf
- **2013**
  - Crude: 2,801.9 Bln cf
  - Marketable natural gas: 1,400.0 Bln cf

**Total Output of Oil and Gas**

- **2012**
  - Crude: 916.5 MM boe
  - Marketable natural gas: 916.5 MM boe
- **2013**
  - Crude: 932.9 MM boe
  - Marketable natural gas: 932.9 MM boe

- **Change from 2012 to 2013**
  - Crude: +1.8%
  - Marketable natural gas: +9.5%
  - Total output: +4.2%
Changqing Oilfield is located at the Erdos Basin, which is a typical tight gas reservoir with low permeability, low pressure and low abundance. Through the efforts by the several generations of Changqing people, a series of effective developing models with the Changqing characteristics had been developed, and has formed a complete set of development technology with independent intellectual property rights.

From 10 million tons in 2003, the oil and gas production of Changqing Oilfield has continued to grow. In 2013, it achieved crude oil production of 24.32 million tons and natural gas production of 34.68 billion cubic meters. Oil and gas equivalent output reached 51.95 million tons.

Changqing Oilfield has now become an important oil and gas production base and a hub for the natural gas pipeline network in China, which supplies natural gas to more than 300 million people in 40 mid-to-big cities including Beijing.
**Refining and Chemicals Business Optimized Operations**

### Crude Processing Volume

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>137,032</td>
<td>134,288</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>

### Production of Major Oil Products

<table>
<thead>
<tr>
<th>Product</th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>28,381</td>
<td>29,294</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Kerosene</td>
<td>3,408</td>
<td>4,112</td>
<td>+20.7%</td>
</tr>
<tr>
<td>Diesel</td>
<td>59,227</td>
<td>56,876</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>

### Production of Commercial Chemical Products

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21,788</td>
<td>21,130</td>
<td>-3.0%</td>
</tr>
</tbody>
</table>

### Production of Major Chemical Products

<table>
<thead>
<tr>
<th>Product</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethylene</td>
<td>3,690</td>
<td>3,982</td>
</tr>
<tr>
<td>Synthetic Resin</td>
<td>6,089</td>
<td>6,537</td>
</tr>
<tr>
<td>Synthetic Fiber Raw Materials</td>
<td>1,595</td>
<td>1,218</td>
</tr>
<tr>
<td>Synthetic Rubber</td>
<td>633</td>
<td>665</td>
</tr>
<tr>
<td>Urea</td>
<td>4,408</td>
<td>3,771</td>
</tr>
</tbody>
</table>
Marketing Business Achieved Enhancement in Both Quality and Quantity

Major Oil Products Sales Volume

<table>
<thead>
<tr>
<th>'000 tons</th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Refined Oil Products</td>
<td>153,277</td>
<td>159,133</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Including: Gasoline</td>
<td>47,407</td>
<td>52,350</td>
<td>+10.4%</td>
</tr>
<tr>
<td>Kerosene</td>
<td>11,355</td>
<td>13,482</td>
<td>+18.7%</td>
</tr>
<tr>
<td>Diesel</td>
<td>94,515</td>
<td>93,301</td>
<td>-1.3%</td>
</tr>
</tbody>
</table>

Nationwide Oil Product Sales Network

Sales network coverage
Construction of Major Oil and Gas Pipelines Progressed Steadily. Natural Gas Business Development Accelerated.

- The 2nd West-East Gas pipeline commenced gas supply to Guangxi and Hong Kong.
- The west section of the 3rd West-East Gas pipeline, the Zhongwei-Guiyang connection line, Tangshan LNG terminal, the Lanzhou-Chengdu crude oil pipeline, and the south of Yangtze River section of the Lanzhou-Zhengzhou-Changsha crude oil pipeline at the commenced operations.
- Construction of the East section of the 3rd West-East Gas pipeline and the Jinzhou-Zhengzhou crude oil pipeline progressed according to plan.

Key Domestic Pipelines
Overseas Business Achieved Important Breakthroughs

**Overseas Oil & Gas Exploration & Production Areas**

- **New Project Development:** successfully invested in the West Qurna-1 project in Iraq, and entered into an agreement with Petrobras on acquiring the entire shares of Petrobras Energia Peru S.A.

- **Oil and Gas Exploration:** discovered thick oil layer in buried-hill of bedrock in Chad Bongo Basin. PK project in Kazakhstan and other oil and gas exploration projects achieved new progresses

- **Oil and Gas Development:** pushed forward the production enhancement work in the Rumaila Oilfield in Iraq, and accelerated the project capacity construction of Halfaya in Iraq, Aktobe in Kazakhstan and other projects;

**Overseas Oil & Gas Net Production**

- **2012:** 136.9 MM boe
- **2013:** 136.5 MM boe

-0.3%
Safety and Environmental Protection Continued to Improve Steadily

- No serious and major accidents
- Supervision over safety, environment protection and energy conservation strengthened
- 17 key emission reduction projects were completed and put into operations by end of 2013
- Achieved savings of 1.08 million tons of standard coal, savings of 20.07 million cubic meters of water and reduced emissions of SO2, nitrogen oxides and ammonia y-o-y
Operations and Management Mode Further Reformed. Actively Promoted the Mixed Ownership Economy

- Continued to carry forward management enhancement, initially established a long-term mechanism for continuous improvement in special areas.
- Adjusted and optimized the management functions and processes, established the production and operation management department to further optimize production, refining, transmission, marketing, stockpiling and trading, and actively promoted the natural gas downstream business restructuring.
- Adopted a stringent approach in investment management, placing emphasis on investment returns, adjusted construction progress of projects in a reasonable manner. As such, the investment structure is optimized.
- Improved the performance linked mechanism, and linked the middle and senior managements’ remuneration to economic efficiency of the enterprise which drove completion of key performance indicators and enhanced economic efficiency.
- Actively developed the mixed ownership economy. The western sections of the 1st and 2nd West-East Gas Pipeline were injected into the pipeline business joint venture platform, and initial results were achieved in pilot co-operation in undeveloped reserves and foreign co-operation in shale gas.
## Financial Results Highlights

### RMB Million

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turnover</strong></td>
<td>2,195,296</td>
<td>2,258,124</td>
<td>+2.86%</td>
</tr>
<tr>
<td><strong>Profit from Operations</strong></td>
<td>174,519</td>
<td>188,642</td>
<td>+8.09%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>115,326</td>
<td>129,599</td>
<td>+12.38%</td>
</tr>
<tr>
<td><strong>Basic EPS</strong></td>
<td>0.63</td>
<td>0.71</td>
<td>+0.08</td>
</tr>
</tbody>
</table>

* Earnings per share in RMB
Exploration & Production – Profit from Operations

Factors Affecting Profit from Operations – Exploration & Production

- Pricing: 2012 - 26,115 Million, 2013 - 17,512 Million
- Sales Volume: 2012 - 18,370 Million, 2013 - 189,698 Million

2012
Pricing
Sales Volume
Operating Expenses
2013
### Refining & Chemicals – Profit from Operations

#### Factors Affecting Profit from Operations – Refining

<table>
<thead>
<tr>
<th>Category</th>
<th>Refining 2012</th>
<th>Gross Profit</th>
<th>Processing Volume</th>
<th>Operating Expenses</th>
<th>Refining 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>-33,672</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-9,839</td>
<td></td>
<td></td>
<td></td>
<td>-23,655</td>
</tr>
<tr>
<td>Processing</td>
<td>-3,728</td>
<td></td>
<td></td>
<td></td>
<td>-19,684</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Profit</td>
<td>17,539</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Factors Affecting Profit from Operations – Chemicals

<table>
<thead>
<tr>
<th>Category</th>
<th>Chemicals 2012</th>
<th>Pricing</th>
<th>Sales Volume</th>
<th>Operating Expenses</th>
<th>Chemicals 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>-31,747</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td>-4,708</td>
<td>-2,701</td>
<td>-9,839</td>
<td></td>
<td>-23,655</td>
</tr>
<tr>
<td>Expenses</td>
<td>-4,701</td>
<td>-3,728</td>
<td>-9,839</td>
<td></td>
<td>-19,684</td>
</tr>
<tr>
<td>Total Profit</td>
<td>-3,728</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RMB Million
## Marketing – Profit from Operations

### Factors Affecting Profit from Operations – Marketing (RMB Million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit</th>
<th>Sales Volume</th>
<th>Operating Expenses</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>16,391</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-5,061</td>
<td>785</td>
<td>-4,553</td>
<td>7,562</td>
</tr>
</tbody>
</table>
Natural Gas & Pipeline – Profit from Operations

Factors Affecting Profit from Operations – Natural Gas & Pipeline

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Gas</td>
<td>10,621</td>
<td>18,860</td>
</tr>
<tr>
<td>Imported Gas</td>
<td>61</td>
<td>1,456</td>
</tr>
<tr>
<td>Others</td>
<td>28,888</td>
<td>28,888</td>
</tr>
</tbody>
</table>

RMB Million
Financial Status

Cash Flow as of 31 Dec

RMB Million

2012: 239,288
2013: 288,529

Change: +20.6%

Total Assets

RMB Million

2012: 2,168,896
2013: 2,342,110

Change: +8.0%
2013 Capex

2013 Capex

2012-2013 Y-o-Y Capex Comparison

RMB Million

<table>
<thead>
<tr>
<th>Exploration &amp; Production</th>
<th>Natural Gas &amp; Pipeline</th>
<th>Refining &amp; Chemicals</th>
<th>Marketing</th>
<th>Headquarters &amp; Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>71.03%</td>
<td>18.02%</td>
<td>8.37%</td>
<td>2.23%</td>
<td>0.35%</td>
</tr>
</tbody>
</table>

2012

2013

352,516

318,696

-9.6%
2013 annual dividend policy remains unchanged, with dividend payout ratio at 45%.

The Board of Directors has resolved to pay a final dividend of RMB0.15755 per share.
2014 Business Outlook
The global economy is still experiencing a slow recovery, new growth drivers are unclear, and the unstable and uncertain factors are increasing.

The long-term fundamentals of China’s economy remain unchanged and the country’s demand for oil and gas will continue to grow rigidly. However, China is going through a phase characterized by a changing economic growth pace and a temporary impact of structural adjustment, with the market digesting the government’s early-stage stimulus policies. There still exists a significant problem of imbalanced, uncoordinated and unsustainable development.

Push forward the all-round and in-depth reform to SOEs in China will make the bonus of the reform released and vitality of the reform enhanced, but with the acceleration of market-oriented reforms and the gradual liberalization of resources and the products market, competition in the market will become more fierce.
Figure Prominently the Domestic Core Business of Oil and Gas; Ensure a Stable Growth in Reserves and Output

- Give priority to explore for high-quality reserves, recoverable reserves and producing reserves, with a focus on seven basins, to discover large-scale reserves and strategic replacement.

- Accelerate construction of key capacity projects, expand the secondary production scale of mature oil fields, effectively commercialize important development experiment results, accelerate the pilot test for scale development of tight oil reservoirs, to increase the exploration capability.

- Maintain stable production of existing gas fields, strive to accelerate construction of Sichuan Anyue gas field production capacity, solve technical difficulties for high-efficiency exploration in Keshen in Tarim, and meticulous development in Sulige in Changqing, coordinate coalbed methane production and the construction of shale gas demonstration areas, to boost domestic gas supply.
Develop Refining and Chemicals in an Appropriate and Effective Manner, Accelerate Quality Upgrade for Oil Products

- Optimize geographic network, resource allocation, production process, product structure, facility operation and the coordination of production and marketing, and improve management through benchmarking.

- Comprehensively consider the conditions of resources, market and enterprises, organize refining & chemicals production in a safe, stable and flexible manner, allocate more resources to enterprises with higher efficiency and best production process, boost the production and sales of high-efficiency or special products, to reduce losses, improve efficiency and reinforce competitiveness.

- Complete Guangxi Petrochemical’s sulfur crude oil processing project according to plan.

- Complete the quality upgrade for diesel, ensure automotive diesel oil production meeting the national IV standards by year end.
Steadily and Orderly Develop Marketing Business, Enhance Profitability and Market Competitiveness

- Enhance marketing management, optimize distribution of resources and logistics allocation, to leverage the advantages generated from integrated profitability, give play the complementary of self-supplied crude and outsourced crude to achieve better efficiency, maintain a reasonable inventory and maximize the overall effectiveness.

- Optimize marketing network, effectively control the storage capacity and total number of gas stations. Focus on the stations with high efficiency at traditional leading regions and newly developed refinery regions to further strengthen the market share in the area, achieve effective market development in more developed areas.

- Explore the internet marketing model, maximize card marketing efforts, continue to improve the quality of service stations operation and enhance retail proportion, daily sales per station and sales per capita.
Expedite Natural Gas Development, Improve Overall Profitability

- Optimize consumption structures, enhance pipeline operations, focus on ensuring high-end markets such as the Yangtze River Delta, Pearl River Delta and Bohai Rim, push forward the market development of newly built pipeline and production launch for new consumers, try our best to realize the price reform for existing gas supply and market LNG at reasonable prices, steadily push forward the development of downstream gas utilization business of city gas and gas for vehicles and ships to enhance market responsiveness and profitability.

- Rationally arrange key pipeline construction, complete the transmission expansion project of the Shanghai branch and trunk line of the Second West-East Gas Pipeline, and commence the construction of the middle section of the Third West-East Gas Pipeline project.

- Strengthen the operation management of gas storage in service as well as construction and operations of new gas storages, enhance the capability of peak-shaving and emergency supply.
Speed up the Development of Overseas Business, Focusing Both Efficiency and Scale

- Push forward the construction of the five overseas oil and gas cooperation zones, four strategic oil and gas channels and the three oil and gas operation center, and achieve scale and high-quality development, focus on the exploration and development of key projects, expedite the implementation of new projects to ensure faster growth of reserves and production.

- Continue to strengthen fine exploration for projects in South Turgai basin of Kazakhstan, Pre-Caspian etc., push forward venture exploration for projects in Chad etc., strengthen exploration in offshore and unconventional oil and gas cooperation projects in Kazakhstan Caspian Sea Block M etc., and accelerate the formation of effective capacity supplement and resources replacement.

- Strengthen integrated reservoir research and water control of mature oilfields, push forward production growth of Iraq’s Rumaila project and Venezuela’s MPE3 project, accelerate the key capacity building progress of the Halfaya project in Iraq, and promote new project implementation such as the West Qurna-1.
Push Forward the Implementation of Safety and Environmental Protection System

- Deepen the construction and improvement of safety and environmental protection system and risk prevention system
- Strengthen the risk control efforts, continue to enhance the safety level
- Set up special conservation and emission reduction fund, and arrange key conservation and emission reduction projects
- Pay close attention to environmental protection and emission reduction, carry out air pollution prevention plan
- Continue to implement the employee training projects, launch the multi-level, multi-channel and multi-pattern professional trainings to enhance the employees’ all-round ability
Conduct an All-round and In-depth Enterprise Reform, Enhancing Development Momentum and Vitality

- Strengthen corporate governance, strengthen the duty performance and accountability monitoring mechanism of all management personnel at all levels to effectively prevent various risks and ensure compliance with laws and regulations of various business operations

- Decentralize headquarters functions moderately, better utilize business segment companies for business management and guidance and regional subsidiaries as the major entities of production and operations

- Select some oilfields for pilot implementation of more operational autonomy, with trial integrated operations and assessment of refining and chemicals, marketing and trading, establish an objective internal pricing mechanism which reflects the production and operations situation, optimize mechanism of performance appraisal, improve remuneration system, to mobilize and effectively boost initiatives of all employees

- Actively develop the mixed ownership economy, expand the scope of joint venture and cooperation with social capital, financial capital and foreign capital etc., and with key focus on achieving actual development in areas such as pipeline, undeveloped reserves, unconventional oil and gas, refining and chemicals and overseas business etc.,

- Adjust and optimize business deployment and asset structure, expedite the disposal of certain inefficient assets, push forward the integration of the natural gas downstream businesses, decrease capital expenditures by approximately 7%, and promote the light-asset strategy