Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

13,400,000 European Style Cash Settled Short Certificates relating to

the ordinary H shares of PetroChina Company Limited

with a Daily Leverage of -5x

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S$0.60 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the "**Certificates**") to be issued by SG Issuer (the "**Issuer**") unconditionally and irrevocably guaranteed by Société Générale (the "**Guarantor**"), and is supplemental to and should be read in conjunction with a base listing document dated 18 June 2021 including such further base listing documents as may be issued from time to time (the "**Base Listing Document**") for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see "Placing and Sale" contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products[1] and Specified Investment Products (SIPs)[2], and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 18 June 2021 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 18 October 2021.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

15 October 2021

[1] As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.
[2] As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed "Placing and Sale" contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates.

Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the "**Conditions**" shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

RISK FACTORS

The following are risk factors relating to the Certificates:

(a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;

(b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;

(c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has risen sharply;

(d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;

(e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;

(f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;

(g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;

(h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 31 to 35 and the examples and illustrations of adjustments set out in the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section of this document for more information;

(i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;

(j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);

(k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy (as described below) including the Stock Borrowing Cost (as defined below) and Rebalancing Cost (as defined below);

(l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

(m) investors should note that there are leveraged risks because the Certificates integrate an inverse leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;

(n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the inverse performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideway trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;

(o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);

(p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;

(q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight increase in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens the following day or (ii) a sharp intraday increase in the price of the Underlying

Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 51 to 52 of this document for more information;

(r) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 37 to 38 of this document for more information;

(s) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;

(t) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;

(u) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(v) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(w) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(x) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may rise. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(y) the value of the Certificates depends on the Leverage Inverse Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Inverse Strategy last closing level and a calculation tool available to the investors on a website;

(z) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(aa) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited ("**CDP**"):

(i) investors should note that no definitive certificate will be issued in relation to the Certificates;

(ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

(iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and

(iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

(bb) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate ("**HIBOR**") benchmark is referenced in the Leverage Inverse Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

(cc) the US Foreign Account Tax Compliance Act ("**FATCA**") withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor's broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(dd) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under "TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986." Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ee) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") entered into force on 2 July 2014. The BRRD has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund (the "**SRM Regulation**") has established a centralised power of resolution entrusted to a Single Resolution Board (the "**SRB**") in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the Single Supervisory Mechanism ("**SSM**"). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States' resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the "**SSM Regulation**") and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the "**Resolution Authority**") with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions while minimising the impact of an institution's failure on the economy and financial system (including taxpayers' exposure to losses).

Under the SRM Regulation, a centralised power of resolution is established and entrusted to the SRB acting in cooperation with the national resolution authorities. In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions' resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the "**Bail-in Power**"). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The application of any measure under the BRRD and the SRM Regulation or any suggestion of such application with respect to the Issuer, the Guarantor or the Group could materially adversely affect the rights of Certificate Holders, the price or value of an investment in the Certificates and/or the ability of the Issuer or the Guarantor to satisfy its obligations under any Certificates, and as a result investors may lose their entire investment.

Moreover, if the Issuer's or the Guarantor's financial condition deteriorates, the existence of the Bail-in Power, the exercise of write-down/conversion powers or any other resolution tools by the Resolution Authority independently of a resolution measure or in combination with a resolution measure when it determines that the Issuer, the Guarantor or the Group will no longer be viable could cause the market price or value of the Certificates to decline more rapidly than would be the case in the absence of such powers.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The current regime will evolve as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts have been published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (the "**BRRD II**"); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity ("**TLAC**") of credit institutions and investment firms (the "**SRM II Regulation**" and, together with the BRRD II, the "**EU Banking Package Reforms**").

The EU Banking Package Reforms will introduce, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet ("**FSB TLAC Term Sheet**"), by adapting, among others, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions' ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC will be implemented in accordance with the FSB TLAC Term Sheet, which impose a level of "Minimum TLAC" that will be determined individually for each global systemically important bank ("**G-SIB**"), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets through January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator through January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

According to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"), as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the "**CRR II**"), EU G-SIBs, such as Societe Generale, will have to comply with TLAC requirements, on top of the MREL requirements, as from the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale will have to comply at the same time with TLAC and MREL requirements.

Consequently, criteria for MREL-eligible liabilities will be closely aligned with those laid down in the CRR, as amended by the CRR II for the TLAC-eligible liabilities, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet the MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance while only an additional return is linked to that derivative component and depends on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL will be set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance any may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by non-EU law, they must be able to be written down or converted under that law (including through contractual provisions).

The scope of liabilities used to meet the MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in the BRRD, as amended by the BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB should be able to require that the MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail- in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks).

If the SRB finds that there could exist any obstacles to resolvability by the Issuer or the Guarantor and/or the Group, a higher MREL requirement could be imposed. Any failure by the Issuer or the Guarantor, as applicable, and/or the Group to comply with its MREL may have a material adverse effect on the Issuer's business, financial conditions and results of operations.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	13,400,000 European Style Cash Settled Short Certificates relating to the ordinary H shares of PetroChina Company Limited (the **“Underlying Stock**”)
ISIN:	LU2267111396
Company:	PetroChina Company Limited (RIC: 0857.HK)
Underlying Price[3] and Source:	HK$4.03 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	-5x (within the Leverage Inverse Strategy as described below)
Notional Amount per Certificate:	SGD 0.60
Management Fee (p.a.)[4]:	0.40%
Gap Premium (p.a.)[5]:	4.60%, is a hedging cost against extreme market movements overnight.
Stock Borrowing Cost[6]:	The annualised costs for borrowing stocks in order to take an inverse exposure on the Underlying Stock.
Rebalancing Cost[6]:	The transaction costs (if applicable), computed as a function of leverage and daily inverse performance of the Underlying Stock.
Launch Date:	8 October 2021
Closing Date:	15 October 2021

[3] These figures are calculated as at, and based on information available to the Issuer on or about 15 October 2021. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 15 October 2021.

[4] Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

[5] Please note that the Gap Premium is calculated on a 360-day basis.

[6] These costs are embedded within the Leverage Inverse Strategy. Please note that the Stock Borrowing Cost may be changed on giving 5 Business Days’ notice to investors. Any change in the Stock Borrowing Cost will be announced on the SGXNET.

Expected Listing Date:	18 October 2021
Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 5 October 2023
Expiry Date:	12 October 2023 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	11 October 2023 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of (1 – Management Fee x (ACT (t-1;t) ÷ 360)) x (1 – Gap Premium (t-1) x (ACT (t-1;t) ÷ 360)), where: "**t**" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding

the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Inverse Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An "**Underlying Stock Business Day**" is a day on which The Stock Exchange of Hong Kong Limited (the "**HKEX**") is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the "Information relating to the European Style Cash Settled Short Certificates on Single Equities" section on pages 42 to 57 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Inverse Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Inverse Strategy is set out in the "Specific Definitions relating to the Leverage Inverse Strategy" section on pages 20 to 25 below.

Initial Exchange Rate[3]: 0.1732

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore

	Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.
Air Bag Mechanism:	The "**Air Bag Mechanism**" refers to the mechanism built in the Leverage Inverse Strategy and which is designed to reduce the Leverage Inverse Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock rises by 15% or more ("**Air Bag Trigger Price**") during the trading day (which represents approximately 75% loss after a 5 times inverse leverage), the Air Bag Mechanism is triggered and the Leverage Inverse Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Inverse Strategy if the Underlying Stock rises further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to fall after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses. Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. The Leverage Inverse Strategy is floored at 0 and the Certificates cannot be valued below zero. Please refer to the "Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")" section on pages 23 to 25 below and the "Description of Air Bag Mechanism" section on pages 48 to 49 of this document for further information of the Air Bag Mechanism.
Adjustments and Extraordinary Events:	The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.
Underlying Stock Currency:	Hong Kong Dollar ("**HKD**")
Settlement Currency:	Singapore Dollar ("**SGD**")
Exercise Expenses:	Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.
Relevant Stock Exchange for the Certificates:	The Singapore Exchange Securities Trading Limited (the "**SGX-ST**")
Relevant Stock Exchange for the Underlying Stock:	HKEX
Business Day and Exchange	A "**Business Day**" is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for

Business Day:	business in Singapore. An "**Exchange Business Day**" is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.
Warrant Agent:	The Central Depository (Pte) Limited ("**CDP**")
Clearing System:	CDP
Fees and Charges:	Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month's notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Inverse Strategy

Description of the Leverage Inverse Strategy

The Leverage Inverse Strategy is designed to track a 5 times daily leveraged inverse exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Inverse Strategy to the Underlying Stock is reset within the Leverage Inverse Strategy in order to retain a daily leverage of 5 times the inverse performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Inverse Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Inverse Strategy Formula

$\mathbf{LSL_t}$ means, for any Observation Date(t), the Leverage Inverse Strategy Closing Level as of such day (t).

Subject to the occurrence of an Intraday Restrike Event, the **Leverage Inverse Strategy Closing Level** as of such Observation Date(t) is calculated in accordance with the following formulae:

On Observation Date(1):

$\mathrm{LSL_1} = 1000$

On each subsequent Observation Date(t):

$$\mathrm{LSL_t} = \mathrm{Max}\left[\mathrm{LSL_{t-1}} \times \left(1 + \mathrm{LR_{t-1,t}} - \mathrm{FC_{t-1,t}} - \mathrm{SB_{t-1,t}} - \mathrm{RC_{t-1,t}}\right), 0\right]$$

$\mathbf{LR_{t-1,t}}$ means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:

$$\mathrm{LR_{t\text{-}1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t\text{-}1}} \times \mathrm{Rfactor_t}} - 1\right)$$

$\mathbf{FC_{t-1,t}}$ means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{FC_{t-1,t}} = (\mathrm{Leverage} - 1) \times \frac{\mathrm{Rate_{t-1}} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

$\mathbf{SB_{t-1,t}}$ means the Stock Borrowing Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows :

$$\mathrm{SB_{t-1,t}} = -\mathrm{Leverage} \times \frac{\mathrm{CB} \times \mathrm{ACT(t-1,t)}}{\mathrm{DayCountBasisRate}}$$

CB means the Cost of Borrowing applicable that is equal to 2.00%.

$\mathbf{RC_{t-1,t}}$ means the Rebalancing Cost of the Leverage Inverse Strategy on Observation Date (t), calculated as follows :

$$\mathrm{RC_{t-1,t}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right|\right) \times \mathrm{TC}$$

TC means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:

0.13%

“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.

Leverage -5

$\mathbf{S_t}$	means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.
$\mathbf{Rate_t}$	means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC HIHKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
$\mathbf{Rfactor_t}$	means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula : $$Rfactor_t = 1 - \frac{Div_t}{\mathbf{S_{t-1}}}$$ where Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered gross of any applicable withholding taxes.
ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).
DayCountBasis Rate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
Reference Rate Event	means, in respect of the Reference Rate any of the following has occurred or will occur: (i) a Reference Rate Cessation; (ii) an Administrator/Benchmark Event; or (iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA)

or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.

Reference Rate Cessation

means, for a Reference Rate, the occurrence of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or

(iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

Administrator/ Benchmark Event

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s)

means the rate(s) used in the Leverage Inverse Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons ("Air Bag Mechanism")

Extraordinary Strategy Adjustment for

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date,** noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance**

Performance Reasons **Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Inverse Strategy Closing Level on the Intraday Restrike Date $(\mathrm{LSL}_{\mathrm{IRD}})$ should be computed as follows :

$$\mathrm{LSL}_{\mathrm{IRD}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(n)}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(n),IR(C)}} - \mathrm{IRC}_{\mathrm{IR(n),IR(C)}}\right), 0\right]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$\mathrm{LSL}_{\mathrm{IRD}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(n)}}, 0\right]$$

$\mathbf{ILSL_{IR(k)}}$ means, in respect of IR(k), the Intraday Leverage Inverse Strategy Level in accordance with the following provisions :

(1) for k = 1 :

$$\mathrm{ILSL}_{\mathrm{IR(1)}} = \mathrm{Max}\left[\mathrm{LSL}_{\mathrm{IRD-1}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(0),IR(1)}} - \mathrm{FC}_{\mathrm{IRD-1,IRD}} - \mathrm{SB}_{\mathrm{IRD-1,IRD}} - \mathrm{IRC}_{\mathrm{IR(0),IR(1)}}\right), 0\right]$$

(2) for k > 1 :

$$\mathrm{ILSL}_{\mathrm{IR(k)}} = \mathrm{Max}\left[\mathrm{ILSL}_{\mathrm{IR(k-1)}} \times \left(1 + \mathrm{ILR}_{\mathrm{IR(k-1),IR(k)}} - \mathrm{IRC}_{\mathrm{IR(k-1),IR(k)}}\right), 0\right]$$

$\mathbf{ILR_{IR(k-1),IR(k)}}$ means the Intraday Leveraged Return between IR(k-1) and IR(k), calculated as follows :

$$\mathrm{ILR}_{\mathrm{IR(k-1),IR(k)}} = \mathrm{Leverage} \times \left(\frac{\mathrm{IS}_{\mathrm{IR(k)}}}{\mathrm{IS}_{\mathrm{IR(k-1)}}} - 1\right)$$

$\mathbf{IRC_{IR(k-1),IR(k)}}$ means the Intraday Rebalancing Cost of the Leverage Inverse Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows :

$$\mathrm{IRC}_{\mathrm{IR(k-1),IR(k)}} = \mathrm{Leverage} \times (\mathrm{Leverage} - 1) \times \left(\left|\frac{\mathrm{IS}_{\mathrm{IR(k)}}}{\mathrm{IS}_{\mathrm{IR(k-1)}}} - 1\right|\right) \times \mathrm{TC}$$

$\mathbf{IS_{IR(k)}}$ means the Underlying Stock Price in respect of IR(k) computed as follows :

(1) for k=0

$$\mathrm{IS}_{\mathrm{IR(0)}} = \mathrm{S}_{\mathrm{IRD-1}} \times \mathrm{Rfactor}_{\mathrm{IRD}}$$

(2) for k=1 to n

means in respect of IR(k), the highest price of the Underlying Stock during the respective Intraday Restrike Observation Period

(3) with respect to IR(C)

$$\mathrm{IS}_{\mathrm{IR(C)}} = \mathrm{S}_{\mathrm{IRD}}$$

In each case, subject to the adjustments and provisions of the Conditions.

IR(k) For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;

For k=1 to n, means the k^{th} Intraday Restrike Event on the relevant Intraday

Restrike Date.

IR(C) means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.

n means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.

Intraday Restrike Event means in respect of an Observation Date(t) :

(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(0)}}$ as of such Calculation Time.

(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the increase at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price $\mathbf{IS_{IR(k)}}$ as of such Calculation Time.

Calculation Time means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Inverse Strategy Level.

TimeReferenceOpening means the scheduled opening time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

TimeReferenceClosing means the scheduled closing time for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF
THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

(a) *Form*. The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of:-

(i) a master instrument by way of deed poll (the "**Master Instrument**") dated 18 June 2021, made by SG Issuer (the "**Issuer**") and Société Générale (the "**Guarantor**"); and

(ii) a warrant agent agreement (the "**Master Warrant Agent Agreement**" or "**Warrant Agent Agreement**") dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the "**Certificate Holders**") are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

(b) *Status and Guarantee*. The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a "**Guarantee Obligation**").

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the "**Code**").

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

(i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the "**Law**") on 11 December 2016;

(ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;

(iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and

(iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

(c) Transfer. The Certificates are represented by a global warrant certificate ("**Global Warrant**") which will be deposited with The Central Depository (Pte) Limited ("**CDP**"). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.

(d) *Title*. Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression "**Certificate Holder**" shall be construed accordingly.

(e) *Bail-In*. By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:

(i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer's liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;

(B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

(C) the cancellation of the Certificates; and/or

(D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the "**Statutory Bail-In**");

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the "**M&F Code**"):

(A) ranking:

(1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the M&F Code;

(2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the M&F Code; and

(3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the M&F Code; and

(B) which are not *titres non structurés* as defined under Article R.613-28 of the M&F Code, and

(C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer's obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself, and as if any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the "**Contractual Bail-in**").

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

"**Amounts Due**" means any amounts due by the Issuer under the Certificates.

"**Bail-In Power**" means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person.

"**MREL**" means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

"**Relevant Resolution Authority**" means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

(a) *Certificate Rights*. Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The "**Cash Settlement Amount**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The "**Closing Level**", in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level}\right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case:-

(i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and

(ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

"**Market Disruption Event**" means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

(b) *Exercise Expenses*. Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the "**Exercise Expenses**"). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

(c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

(a) *Exercise*. Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).

(b) *Automatic Exercise*. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.

(c) *Settlement*. In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Business Days following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

(d) *CDP not liable*. CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.

(e) *Business Day*. In these Conditions, a "**Business Day**" shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

(a) *Warrant Agent*. The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.

(b) *Agent of Issuer*. The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

(a) *Potential Adjustment Event*. Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.

(b) *Definitions*. "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;

(iii) an extraordinary dividend;

(iv) a call by the Company in respect of the Underlying Stock that is not fully paid;

(v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or

(vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.

(c) *Merger Event, Tender Offer, Nationalisation and Insolvency*. If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:

(i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

(ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or

(iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the "**Option Reference Source**") make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

(d) *Definitions*. "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. "**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. "**Merger Event**" means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. "**Nationalisation**" means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. "**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

(e) *Other Adjustments*. Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).

(f) *Notice of Adjustments*. All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

(a) *Meetings of Certificate Holders*. The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

(b) *Modification*. The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

(a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

(b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

(a) Delisting. If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).

(b) Issuer's Determination. The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

(a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

"**Regulatory Event**" means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the "**Relevant Affiliates**" and each of the Issuer, Société Générale and the Relevant Affiliates, a "**Relevant Entity**") that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer's obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer's obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer's obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer's obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer's capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

"**Change in law**" means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

(b) *Early Termination for Holding Limit Event*. The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

"**Holding Limit Event**" means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

(c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.

(d) *Termination*. If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the "**Substituted Obligor**"), it shall give at least 90 days' notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	PetroChina Company Limited
The Certificates:	European Style Cash Settled Short Certificates relating to the Underlying Stock
Number:	13,400,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 18 June 2021 (the "**Master Instrument**") and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the "**Master Warrant Agent Agreement**") and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

Transfers of Certificates:	Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
Listing:	Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 18 October 2021.
Governing Law:	The laws of Singapore
Warrant Agent:	The Central Depository (Pte) Limited 11 North Buona Vista Drive #06-07 The Metropolis Tower 2 Singapore 138589
Further Issues:	Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is a qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED SHORT CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Short Certificates on Single Equities?

European style cash settled short certificates on single equities (the "**Certificates**") are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Inverse Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

(1) is the Final Reference Level multiplied by the Final Exchange Rate;

(2) is the Initial Reference Level multiplied by the Initial Exchange Rate;

(3) is the Strike Level; and

(4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed "Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities" for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will decrease and are seeking short-term leveraged inverse exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

(i) <u>For Certificate Holders who trade the Certificates intraday</u>: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and

(ii) <u>For Certificate Holders who hold the Certificates overnight</u>: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Inverse Strategy including the Stock Borrowing Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees

Daily Fees	=	**Daily Management Fee Adjustment**
		1 – Management Fee x ACT (t-1;t) / 360
		x
		Daily Gap Premium Adjustment
		1 – Gap Premium (t-1) x ACT (t-1;t) / 360

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

		t[7]=0		t=1		t=2		t=i
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance[8] x Daily Fees	x	Leverage Inverse Strategy daily performance x Daily Fees	x …	Leverage Inverse Strategy Daily performance x Daily Fees

		t=0		**Product of the daily Leverage Inverse Strategy Performance**		**Product of the Daily Fees (Hedging Fee Factor)**
Value of Certificates	=	Notional Amount	x	Leverage Inverse Strategy daily performance x Leverage Inverse Strategy daily performance	x	Daily Fees x Daily Fees

		t=0				
Final Value of Certificates	=	Notional Amount	x	Final Reference Level x Final Exchange Rate ÷ Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

[7] "t" refers to "**Observation Date**" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.
[8] Leverage Inverse Strategy daily performance is computed as the Leverage Inverse Strategy Closing Level on Business Day (t) divided by the Leverage Inverse Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary H shares of PetroChina Company Limited
Expected Listing Date:	**03/07/2018**
Expiry Date:	**18/07/2018**
Initial Reference Level:	**1,000**
Initial Exchange Rate:	**1**
Final Reference Level:	**1,200**
Final Exchange Rate:	**1**
Issue Price:	**0.60 SGD**
Notional Amount per Certificate:	**0.60 SGD**
Management Fee (p.a.):	**0.40%**
Gap Premium (p.a.):	**4.60%**
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n**th** Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

HFF(0) = 100%

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\mathrm{HFF}\ (1)\ =\ \mathrm{HFF}\ (0)\ \times\left(1 - \text{Management Fee}\ \times\frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)\times\left(1 - \text{Gap Premium}\ \times\frac{\mathrm{ACT}\ (\mathrm{t}-1;\mathrm{t})}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\%\ \times\left(1 - 0.40\%\ \times\frac{1}{360}\right)\times\left(1 - 4.60\%\ \times\frac{1}{360}\right)$$

$$\mathrm{HFF}\ (1) = 100\%\ \times 99.9989\%\ \times 99.9872\%\ \approx 99.9861\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\mathrm{HFF}\ (2) = \mathrm{HFF}\ (1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9797\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 4.60\% \times \frac{3}{360}\right)$$

$$\mathrm{HFF}\ (2) = 99.9797\% \times 99.9967\% \times 99.9617\% \approx 99.9445\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\mathrm{HFF}\ (n) = \mathrm{HFF}\ (n-1) \times \left(1 - \text{Management Fee} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\mathrm{ACT}\ (t-1;t)}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.7919% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9861%
5/7/2018	99.9722%
6/7/2018	99.9583%
9/7/2018	99.9167%
10/7/2018	99.9028%
11/7/2018	99.8889%
12/7/2018	99.8751%
13/7/2018	99.8612%
16/7/2018	99.8196%
17/7/2018	99.8057%
18/7/2018	99.7919%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

Closing Level = [(Final Reference Level x Final Exchange Rate) / (Initial Reference Level x Initial Exchange Rate) – Strike Level] x Hedging Fee Factor

= [(1200 x 1) / (1000 x 1) – 0] x 99.7919%

= 119.75%

Cash Settlement Amount = Closing Level x Notional Amount per Certificate

= 119.75% x 0.60SGD

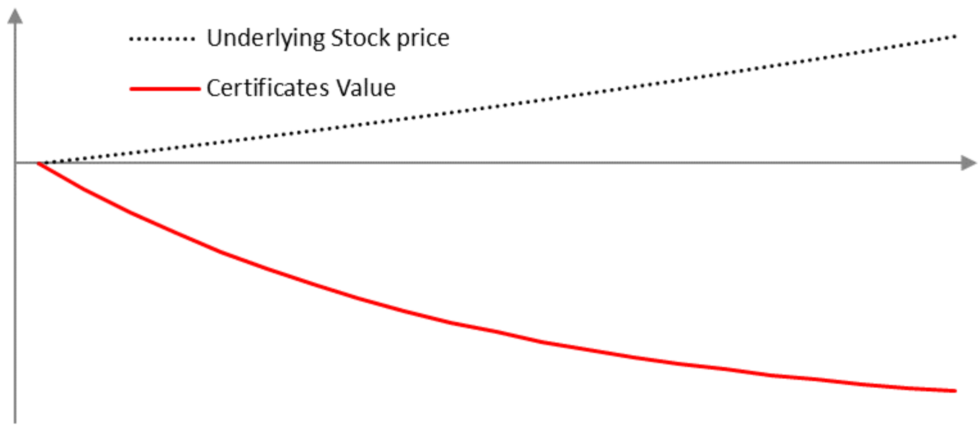
= 0.719 SGD

Illustration on how returns and losses can occur under different scenarios

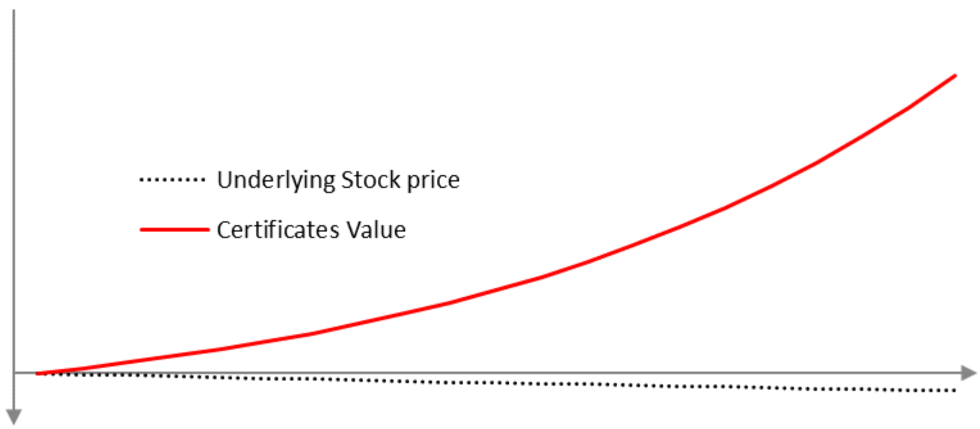
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. <u>Illustrative examples</u>

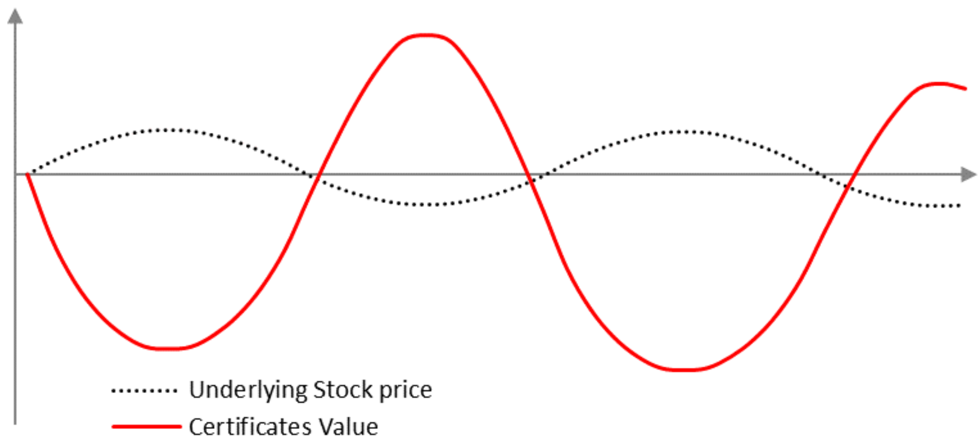
<u>*Scenario 1 – Upward Trend*</u>



<u>*Scenario 2 – Downward Trend*</u>



<u>*Scenario 3 – Volatile Market*</u>



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.6	0.54	0.49	0.44	0.39	0.35
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.6	0.66	0.73	0.80	0.88	0.97
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	10.0%	-10.0%	10.0%	-10.0%
Price at end of day	0.6	0.54	0.59	0.53	0.59	0.53
Accumulated Return		-10.00%	-1.00%	-10.90%	-1.99%	-11.79%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period : during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its maximum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Inverse Strategy is reset using the maximum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Inverse Strategy, 30 minutes after the Air Bag trigger.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered. Investors cannot sell or purchase any Certificates during this period.

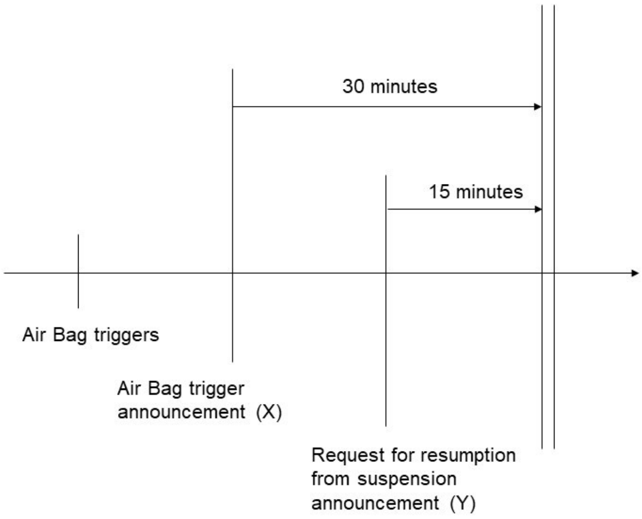
The performance of the Leverage Inverse Strategy will be the inverse of the Underlying Stock.

Air Bag Mechanism timeline

<table>
<tr><th>Air Bag Trigger</th><th>Observation Period</th><th>Resumption of Trading</th></tr>
<tr><td>More than 45 minutes before Market Close</td><td rowspan="5">First 15 minutes after Air Bag Trigger</td><td>Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger</td></tr>
<tr><td>45 minutes before Market Close</td><td rowspan="6">Next trading day at Market Open</td></tr>
<tr><td>30 to 45 minutes before Market Close</td></tr>
<tr><td>30 minutes before Market Close</td></tr>
<tr><td>15 to 30 minutes before Market Close</td></tr>
<tr><td>15 minutes before Market Close</td><td rowspan="2">From Air Bag Trigger to Market Close</td></tr>
<tr><td>Less than 15 minutes before Market Close</td></tr>
</table>

With **Market Close** defined as:

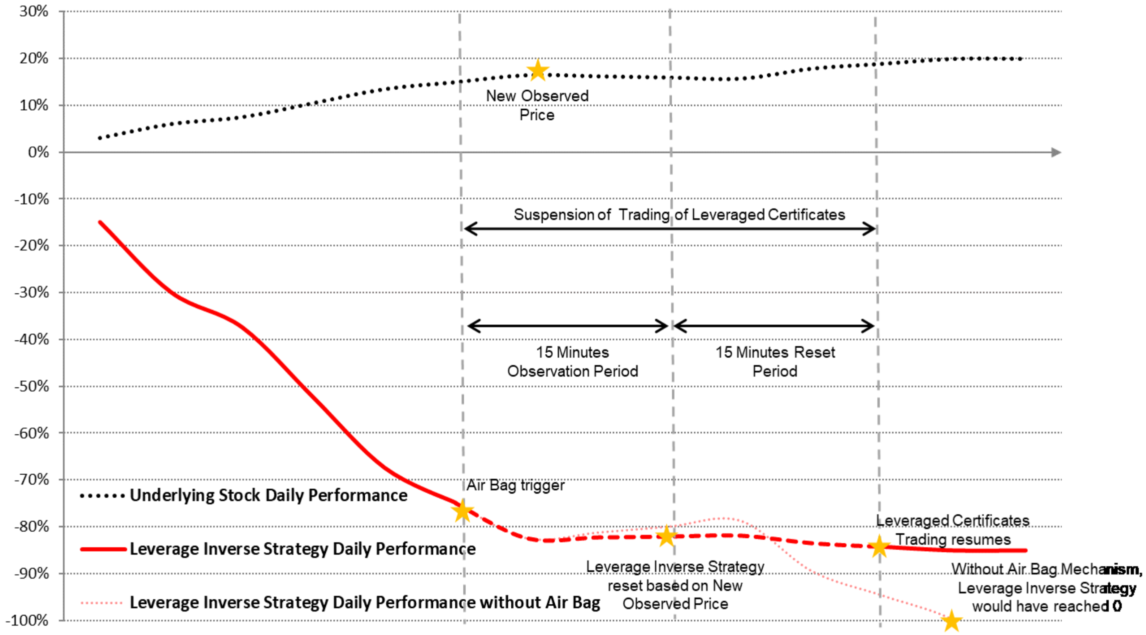
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



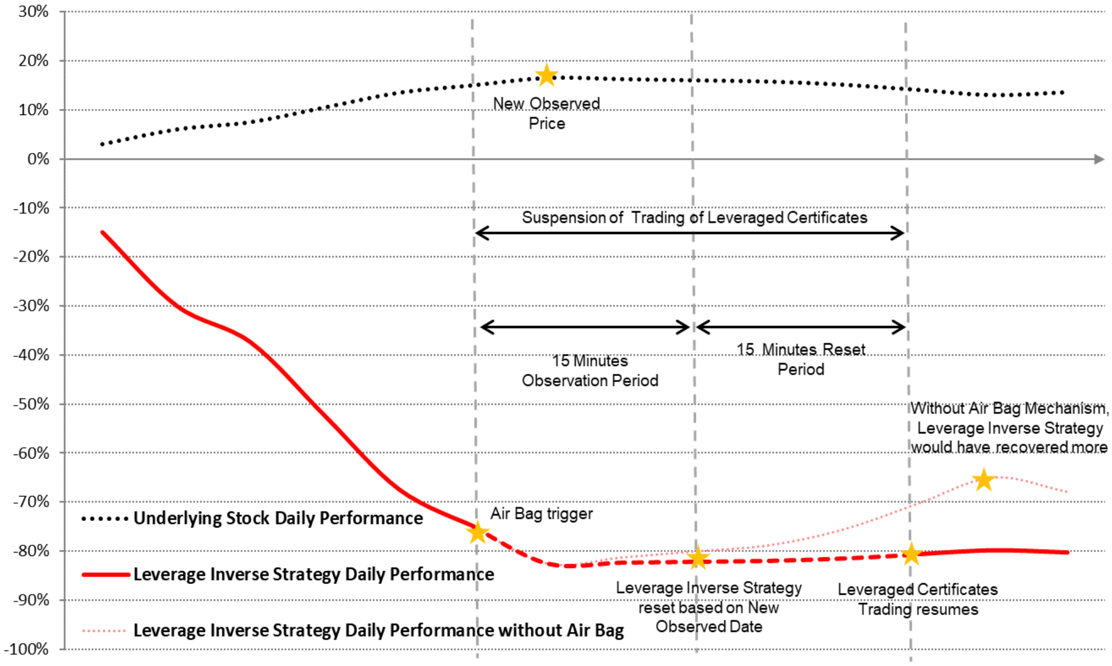
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates.
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day.

Illustrative examples of the Air Bag Mechanism[9]

Scenario 1 – Upward Trend after Air Bag trigger



Scenario 2 – Downward Trend after Air Bag trigger



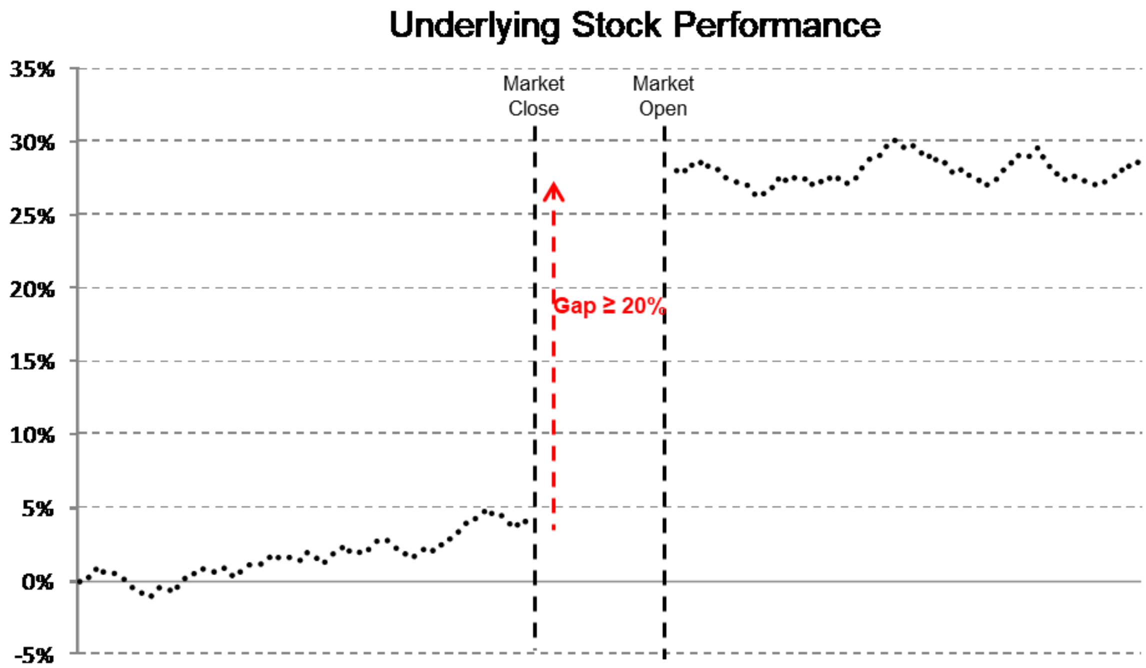
[9] The illustrative examples are not exhaustive.

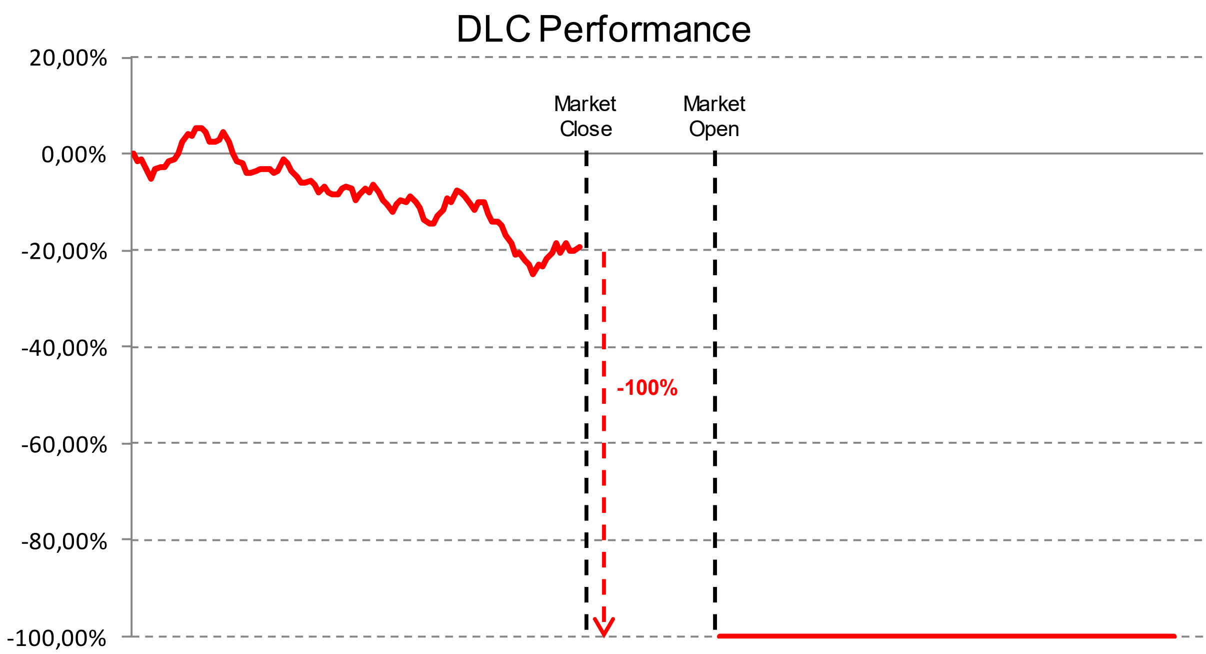
Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

<u>*Scenario 1 – Overnight rise of the Underlying Stock*</u>

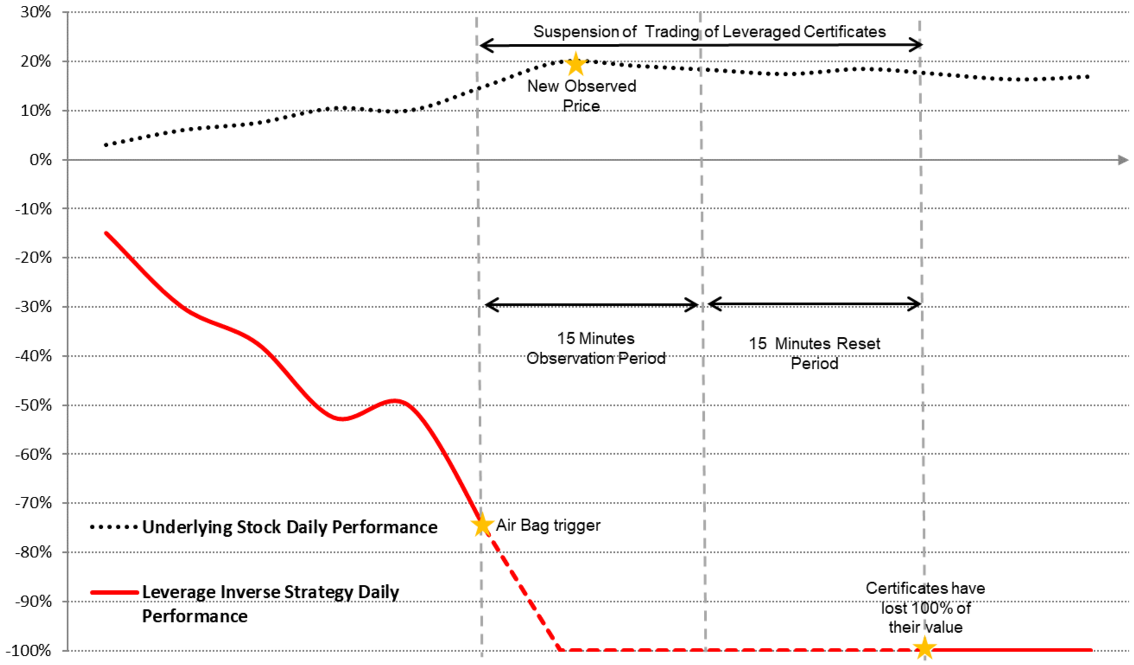
On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a "gap". If the opening price of the Underlying Stock is 20% or more above the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens the following day, and the Certificates would lose their entire value in such event.





Scenario 2 – Sharp intraday rise of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock rises by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula :

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{\mathrm{S}_{t-1}}\right] \times \frac{1}{1+M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price rises by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$\mathrm{DivExc_t}$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$\mathrm{S_{t-1}}$ = \$100

$\mathrm{S_t}$ = \$51

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0)}{100}\right] \times \frac{1}{1+1} = 50\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \text{Leverage } \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{51}{100 \times 50\%} - 1\right) = -10\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.54	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $57.5, which is 15% above$50, the Underlying Stock Reference Price.

2. <u>Share Consolidation</u>

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$\mathrm{S_{t-1}}$ = $100

$\mathrm{S_t}$ = $202

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = $0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0)}{100}\right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \text{Leverage } \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{202}{100 \times 200\%} - 1\right) = -5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.57	-5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $230, which is 15% above $200, the Underlying Stock Reference Price.

3. <u>Rights Issues</u>

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of $40.

S_{t-1} = $100

S_t = $84

$\text{Div}_t = \$0$

$\text{DivExc}_t = \$0$

R = $40 (i.e. subscription price of $40)

M = 0.5 (i.e. 1 new share for every 2 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100}\right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$\text{LR}_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.45	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

S_{t-1} = \$100

S_t = \$85

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$0$

R = \$0

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100}\right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$\mathrm{LR_{t-1,t}} = \mathrm{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{85}{100 \times 83.33\%} - 1\right) = -10\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.54	-10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to \$95.83, which is 15% above \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

S_{t-1} = \$100

S_t = \$84

$\mathrm{Div_t} = \$0$

$\mathrm{DivExc_t} = \$20$

R = \$0

M = 0

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100}\right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$\mathrm{LR}_{\mathrm{t-1,t}} = \text{Leverage} \times \left(\frac{\mathrm{S_t}}{\mathrm{S_{t-1}} \times Rfactor_t} - 1\right) = -5 \times \left(\frac{84}{100 \times 80\%} - 1\right) = -25\%$$

$\mathrm{S_{t-1}}$	$\mathrm{S_{t-1}} \times Rfactor_t$	$\mathrm{S_t}$	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.6	0.45	-25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price rises to $92, which is 15% above $80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

*All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the "**HKExCL**") at http://www.hkex.com.hk and/or the Company's web-site at http://www.petrochina.com.cn. The Issuer has not independently verified any of such information.*

PetroChina Company Limited ("**PetroChina**" or the "**Company**") is the largest oil and gas producer and distributor, playing a dominant role in the oil and gas industry in China. It is not only one of the companies with the biggest sales revenue in China, but also one of the largest oil companies in the world. PetroChina was established as a joint stock company with limited liabilities by China National Petroleum Corporation ("**CNPC**") under the Company Law and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies on 5 November 1999. The American Depositary Shares (ADS) and H shares of PetroChina were listed on the New York Stock Exchange on 6 April 2000 (stock code: PTR) and the Stock Exchange of Hong Kong Limited on 7 April 2000 (stock code: 857) respectively. It was listed on Shanghai Stock Exchange on 5 November 2007 (stock code: 601857).

PetroChina commits itself to becoming an international energy company with strong competitiveness and one of the major producers and distributors of petroleum and petrochemical products in the world. It engages in wide range of activities related to oil and natural gas, including: exploration, development, production and marketing of crude oil and natural gas; refining, transportation, storage and marketing of crude oil and oil products; the production and marketing of primary petrochemical products, derivative chemicals and other chemicals; transportation of natural gas, crude oil and refined oil, and marketing of natural gas.

CNPC is the sole sponsor and controlling shareholder of PetroChina. It is a large petroleum and petrochemical corporate group, established in July 1998, in accordance with Plan for the Organizations Structure Reform of the State Council. CNPC is a large state-owned enterprise managed by the investment organs authorized by the state and State-owned Assets Supervision and Administration Commission.

The information set out in Appendix I of this document relates to the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2021 and has been extracted and reproduced from an announcement by the Company dated 17 September 2021 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at http://www.hkex.com.hk.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker ("**DMM**") for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

(a)	Maximum bid and offer spread	:	(i) when the best bid price of the Certificate is S$10 and below: 10 ticks or S$0.20 whichever is greater; and (ii) when the best bid price of the Certificate is above S$10: 5% of the best bid price of the Certificate.
(b)	Minimum quantity subject to bid and offer spread	:	10,000 Certificates
(c)	Last Trading Day for Market Making	:	The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

(i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;

(ii) if the Certificates are valueless (where the Issuer's bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);

(iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;

(iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;

(v) where the Certificates are suspended from trading for any reason;

(vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;

(vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;

(viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;

(ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;

(x) if the stock market experiences exceptional price movement and volatility;

(xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and

(xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL INFORMATION RELATING TO THE GUARANTOR

The information set out in Appendix II of this document is a reproduction of the press release dated 3 August 2021 containing the Guarantor's consolidated financial results for the second quarter ended 30 June 2021.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 105 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.

2. Settlement of trades done on a normal "ready basis" on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed "Summary of the Issue" above.

3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.

4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020 or the Guarantor since 30 June 2021, in the context of the issuance of Certificates hereunder.

5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:

   (a) the Guarantee;

   (b) the Master Instrument; and

   (c) the Master Warrant Agent Agreement.

   None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The Auditors of the Issuer and the Guarantor have given and have not withdrawn their written agreement to the inclusion of the report, included herein, in the form and context in which it is included. Their report was not prepared exclusively for incorporation into this document.

   The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.

7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.

8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.

9. Copies of the following documents may be inspected during usual business hours on any

weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale, Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;

(b) the latest financial reports (including the notes thereto) of the Issuer;

(c) the latest financial reports (including the notes thereto) of the Guarantor;

(d) the consent letters from the Auditors to the Issuer and the Guarantor referred to in paragraph 6 above;

(e) the Base Listing Document;

(f) this document; and

(g) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to placees.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

(a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the

Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (ii) it is not purchasing any Certificates for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term "**United States**" includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term

"**U.S. person**" means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") or any rules thereunder of the CFTC (the "**CFTC Rules**"), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person).

APPENDIX I

REPRODUCTION OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 OF PETROCHINA COMPANY LIMITED AND ITS SUBSIDIARIES

The information set out below is a reproduction of the unaudited consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2021 and has been extracted and reproduced from an announcement by the Company dated 17 September 2021 in relation to the same.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2021

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	June 30, 2021 The Group	December 31,2020 The Group	June 30,2021 The Company	December 31, 2020 The Company
Current assets					
Cash at bank and on hand	7	188,033	145,950	38,118	42,787
Accounts receivable	8	73,280	52,325	8,650	8,412
Receivables financing	9	5,710	8,076	4,049	2,830
Advances to suppliers	10	25,612	21,626	13,158	8,861
Other receivables	11	25,937	26,834	6,669	14,738
Inventories	12	168,562	128,539	95,575	77,813
Assets held for sale		-	42,615	-	-
Other current assets		59,951	60,802	44,490	44,614
Total current assets		547,085	486,767	210,709	200,055
Non-current assets					
Investments in other equity instruments	13	917	910	393	427
Long-term equity investments	14	257,597	250,698	456,036	451,677
Fixed assets	15	401,735	415,988	253,807	264,241
Oil and gas properties	16	774,014	813,888	576,149	598,665
Construction in progress	17	243,241	222,215	153,100	142,470
Right-of-use assets	56	144,495	144,338	66,746	66,765
Intangible assets	18	86,087	86,101	65,621	65,841
Goodwill	19	8,274	8,125	30	30
Long-term prepaid expenses	20	10,403	11,869	7,473	8,980
Deferred tax assets	33	13,599	11,364	2,803	2,008
Other non-current assets		44,677	36,137	18,165	13,524
Total non-current assets		1,985,039	2,001,633	1,600,323	1,614,628
TOTAL ASSETS		2,532,124	2,488,400	1,811,032	1,814,683

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2021 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2021 The Group	December 31,2020 The Group	June 30,2021 The Company	December 31, 2020 The Company
Current liabilities					
Short-term borrowings	22	65,194	41,354	24,132	25,923
Notes payable	23	18,313	19,313	17,225	18,203
Accounts payable	24	215,517	220,318	79,780	99,276
Contracts liabilities	25	88,467	91,477	57,751	59,877
Employee compensation payable	26	12,567	8,649	10,037	6,559
Taxes payable	27	45,088	63,724	29,422	45,769
Other payables	28	90,413	56,250	94,799	74,496
Liabilities held for sale		-	9,956	-	-
Current portion of non-current liabilities	29	38,850	81,769	16,991	64,745
Other current liabilities		28,232	12,608	22,322	1,791
Total current liabilities		602,641	605,418	352,459	396,639
Non-current liabilities					
Long-term borrowings	30	176,552	160,140	88,278	68,829
Debentures payable	31	91,206	91,239	87,000	87,000
Lease liabilities	56	124,361	122,644	48,618	47,983
Provisions	32	117,627	114,819	83,931	81,941
Deferred tax liabilities	33	17,448	16,390	-	-
Other non-current liabilities		9,374	10,865	4,828	5,496
Total non-current liabilities		536,568	516,097	312,655	291,249
Total liabilities		1,139,209	1,121,515	665,114	687,888
Shareholders' equity					
Share capital	34	183,021	183,021	183,021	183,021
Capital surplus	35	127,725	127,222	127,099	127,044
Special reserve		11,939	10,810	5,700	4,708
Other comprehensive income	53	(34,490)	(32,128)	326	455
Surplus reserves	36	203,557	203,557	192,465	192,465
Undistributed profits	37	759,975	722,939	637,307	619,102
Equity attributable to equity holders of the Company		1,251,727	1,215,421	1,145,918	1,126,795
Non-controlling interests	38	141,188	151,464	-	-
Total shareholders' equity		1,392,915	1,366,885	1,145,918	1,126,795
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,532,124	2,488,400	1,811,032	1,814,683

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2021 The Group	For the six months ended June 30, 2020 The Group	For the six months ended June 30, 2021 The Company	For the six months ended June 30, 2020 The Company
Operating income	39	1,196,581	929,045	660,813	514,116
Less: Cost of sales	39	(957,640)	(770,193)	(497,579)	(427,129)
Taxes and surcharges	40	(102,084)	(98,423)	(80,428)	(76,838)
Selling expenses	41	(32,402)	(32,272)	(22,281)	(22,213)
General and administrative expenses	42	(26,422)	(25,135)	(17,176)	(16,059)
Research and development expenses	43	(8,288)	(6,775)	(7,097)	(5,636)
Finance expenses	44	(9,210)	(13,505)	(7,695)	(11,103)
Including: Interest expenses		(10,194)	(14,886)	(20,484)	(11,216)
Interest income		1,279	1,396	558	351
Add: Other income	45	2,509	4,083	1,598	3,201
Investment income	46	26,213	1,063	13,766	17,726
Including: Income from investment in associates and joint ventures		7,433	570	5,539	1,392
Credit losses	47	(268)	(351)	(28)	(139)
Asset impairment losses	48	(474)	(8,151)	(36)	(1,967)
Gains on asset disposal	49	461	861	423	856
Operating profit / (loss)		88,976	(19,753)	44,280	(25,185)
Add: Non-operating income	50(a)	907	1,460	692	1,122
Less: Non-operating expenses	50(b)	(2,868)	(230)	(2,421)	(2,796)
Profit / (loss) before taxation		87,015	(18,523)	42,551	(26,859)
Less: Taxation	51	(19,199)	(4,804)	(8,346)	6,111
Net profit / (loss)		67,816	(23,327)	34,205	(20,748)
Classified by continuity of operations:					
Net profit / (loss) from continuous operation		67,816	(23,327)	34,205	(20,748)
Net profit from discontinued operation		-	-	-	-
Classified by ownership:					
Shareholders of the Company		53,036	(29,986)	34,205	(20,748)
Non-controlling interests		14,780	6,659	-	-
Other comprehensive income, net of tax	53	(3,182)	(433)	(129)	27
Other comprehensive income (net of tax) attributable to equity holders of the Company		(2,362)	(1,314)	(129)	27
(1) Item that will not be reclassified to profit or loss:					
Changes in fair value of investments in other equity instruments		1	(66)	(26)	(48)
(2) Items that may be reclassified to profit or loss:					
Other comprehensive income recognised under equity method		(69)	75	(103)	75
Translation differences arising from translation of foreign currency financial statements		(2,294)	(1,323)	-	-
Other comprehensive income (net of tax) attributable to non-controlling interests		(820)	881	-	-
Total comprehensive income		64,634	(23,760)	34,076	(20,721)
Attributable to:					
Equity holders of the Company		50,674	(31,300)	34,076	(20,721)
Non-controlling interests		13,960	7,540	-	-
Earnings / (loss) per share					
Basic earnings / (loss) per share (RMB Yuan)	52	0.290	(0.164)	0.187	(0.113)
Diluted earnings / (loss) per share (RMB Yuan)	52	0.290	(0.164)	0.187	(0.113)

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2021 The Group	For the six months ended June 30, 2020 The Group	For the six months ended June 30, 2021 The Company	For the six months ended June 30, 2020 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		1,392,189	1,055,994	823,680	578,461
Cash received relating to other operating activities		1,877	4,815	1,603	4,441
Sub-total of cash inflows		1,394,066	1,060,809	825,283	582,902
Cash paid for goods and services		(1,028,681)	(741,812)	(544,534)	(354,069)
Cash paid to and on behalf of employees		(63,800)	(60,409)	(45,846)	(43,123)
Payments of various taxes		(166,674)	(162,074)	(133,088)	(116,525)
Cash paid relating to other operating activities		(18,877)	(17,434)	(18,732)	(15,820)
Sub-total of cash outflows		(1,278,032)	(981,729)	(742,200)	(529,537)
Net cash flows from operating activities	55(a)	116,034	79,080	83,083	53,365
Cash flows from investing activities					
Cash received from disposal of investments		12,338	212	3,535	8,386
Cash received from returns on investments		10,007	2,333	26,790	17,953
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		1,095	139	1,304	112
Net cash received from disposal of subsidiaries and other business units		33,457	-	-	-
Sub-total of cash inflows		56,897	2,684	31,629	26,451
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(111,724)	(109,259)	(82,813)	(69,267)
Cash paid to acquire investments		(19,975)	(4,201)	(6,663)	(9,694)
Sub-total of cash outflows		(131,699)	(113,460)	(89,476)	(78,961)
Net cash flows used for investing activities		(74,802)	(110,776)	(57,847)	(52,510)
Cash flows from financing activities					
Cash received from capital contributions		4	143	-	-
Including: Cash received from non-controlling interests' capital contributions to subsidiaries		4	143	-	-
Cash received from borrowings		430,002	576,238	109,015	207,015
Sub-total of cash inflows		430,006	576,381	109,015	207,015
Cash repayments of borrowings		(415,060)	(515,816)	(121,826)	(179,095)
Cash payments for interest expenses and distribution of dividends or profits		(13,530)	(18,964)	(14,237)	(9,986)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling interests		(3,778)	(7,768)	-	-
Cash payments relating to other financing activities		(5,970)	(6,972)	(2,857)	(4,289)
Sub-total of cash outflows		(434,560)	(541,752)	(138,920)	(193,370)
Net cash flows (used for) / from financing activities		(4,554)	34,629	(29,905)	13,645
Effect of foreign exchange rate changes on cash and cash equivalents		(915)	993	-	-
Net increase / (decrease) in cash and cash equivalents	55(b)	35,763	3,926	(4,669)	14,500
Add: Cash and cash equivalents at the beginning of the period		118,631	86,409	40,787	4,636
Cash and cash equivalents at the end of the period	55(c)	154,394	90,335	36,118	19,136

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(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	Sub-total	Non-controlling interests	Total shareholders' equity
Balance at January 1, 2020	183,021	127,314	12,443	(27,756)	197,282	738,124	1,230,428	214,150	1,444,578
Changes in the six months ended June 30, 2020									
Total comprehensive income	-	-	-	(1,314)	-	(29,986)	(31,300)	7,540	(23,760)
Special reserve-safety fund reserve									
Appropriation	-	-	2,938	-	-	-	2,938	189	3,127
Utilisation	-	-	(1,012)	-	-	-	(1,012)	(48)	(1,060)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(12,081)	(12,081)	(10,481)	(22,562)
Other equity movement									
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	(2)	(2)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	143	143
Disposal of subsidiaries	-	1	-	-	-	-	1	(62)	(61)
Other	-	50	-	-	-	(8)	42	220	262
Balance at June 30, 2020	183,021	127,365	14,369	(29,070)	197,282	696,049	1,189,016	211,649	1,400,665
Balance at January 1, 2021	183,021	127,222	10,810	(32,128)	203,557	722,939	1,215,421	151,464	1,366,885
Changes in the six months ended June 30, 2021									
Total comprehensive income	-	-	-	(2,362)	-	53,036	50,674	13,960	64,634
Special reserve-safety fund reserve									
Appropriation	-	-	2,252	-	-	-	2,252	127	2,379
Utilisation	-	-	(1,123)	-	-	-	(1,123)	(60)	(1,183)
Profit distribution									
Distribution to shareholders	-	-	-	-	-	(16,000)	(16,000)	(13,315)	(29,315)
Other equity movement									
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	901	901
Disposal of subsidiaries	-	-	-	-	-	-	-	(12,270)	(12,270)
Other	-	503	-	-	-	-	503	381	884
Balance at June 30, 2021	183,021	127,725	11,939	(34,490)	203,557	759,975	1,251,727	141,188	1,392,915

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2021

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Other comprehensive income	Surplus reserves	Undistributed profits	Total share-holders' equity
Balance at January 1, 2020	183,021	127,845	6,513	979	186,190	590,727	1,095,275
Changes in the six months ended June 30, 2020							
Total comprehensive income	-	-	-	27	-	(20,748)	(20,721)
Special reserve-safety fund reserve							
Appropriation	-	-	2,009	-	-	-	2,009
Utilisation	-	-	(615)	-	-	-	(615)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(12,081)	(12,081)
Other equity movement	-	-	-	-	-	(1)	(1)
Balance at June 30, 2020	183,021	127,845	7,907	1,006	186,190	557,897	1,063,866
Balance at January 1, 2021	183,021	127,044	4,708	455	192,465	619,102	1,126,795
Changes in the six months ended June 30, 2021							
Total comprehensive income	-	-	-	(129)	-	34,205	34,076
Special reserve-safety fund reserve							
Appropriation	-	-	1,661	-	-	-	1,661
Utilisation	-	-	(669)	-	-	-	(669)
Profit distribution							
Distribution to shareholders	-	-	-	-	-	(16,000)	(16,000)
Other equity movement	-	55	-	-	-	-	55
Balance at June 30, 2021	183,021	127,099	5,700	326	192,465	637,307	1,145,918

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

Chairman	Director and President	Chief Financial Officer
Dai Houliang	Huang Yongzhang	Chai Shouping

1 COMPANY BACKGROUND

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by 中國石油天然氣集團公司 (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. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 ("CNPC" before and after the change of name) on December 19, 2017. 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, 2021 truly and completely present the financial position of the Group and the Company as of June 30, 2021 and their financial performance and their cash flows for the six months then ended in compliance with the Accounting Standards for Business Enterprises.

These financial statements also comply with the disclosure requirements of the financial statements and notes of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

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 and the translation differences in other comprehensive income. 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 Instrument

Financial instruments include cash at bank and on hand, equity securities other than those classified as long-term equity investments, accounts receivables, accounts payables, borrowings and debentures payable, etc.

(a) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset (unless it is an accounts receivable without a significant financing component) and financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts is initially measured at the transaction price according to Note 4(22).

(b) Classification and subsequent measurement of financial assets

(i) Classification of the financial assets held by the Group

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to designate it as a financial assets at FVOCI. This election is made on an investment-by-investment basis, and from the perspective of the issuer, related investment is in line with the definition of equity instruments.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The business model in which a financial asset is managed refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both. The Group determines the business model for managing financial assets according to the facts and based on the specific business objectives for the managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual cash flow characteristics of the instrument. For the purposes of this assessment, "principal" is defined as the fair value of the financial assets at initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(ii) Subsequent measurement of the financial assets

- Financial assets at FVTPL:

These financial assets are subsequently measured at fair value. Gains and losses, including any interest or dividend income, are recognised in profit or loss, unless the financial assets are a part of hedging relationship.

- Financial assets measured at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. Gains or losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI:

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised in profit or loss. Other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(c) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL:

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost:

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(d) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(e) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(f) Impairment

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets measured at amortised cost, contract assets and debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity investments at FVTPL, equity investments designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

(i) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments that have low credit risk for which credit risk has not increased significantly since initial recognition, and at an amount equal to lifetime ECL for trade receivables and contract assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information.

(ii) Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(iii) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

(iv) Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(v) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, according to the Group's procedures for recovery of amounts due, financial assets that are written off could still be subject to enforcement activities.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(g) 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.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

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 costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

The Group adopts perpetual inventory system.

(9) Long-term Equity Investments and Joint Operations

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 initial cost of the investment on the acquisition date. For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

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 unless the investment is classified as held for sale. 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 unrealised 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. If the Group invests a business to investee as a long-term equity investment but not obtain control, the fair value of the invested business shall be used as the initial investment cost of the long-term equity investment. The difference between the carrying amount of the initial cost of the investment and the invested business is recognised in profit or loss.

(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.

(d) Joint Operations

A joint operation is an arrangement whereby the Group and other joint operators have joint control and the Group has rights to the assets and obligation for the liabilities, relating to the arrangement.

(All amounts in RMB millions unless otherwise stated)

The Group recognises items related to its interest in a joint operation as follows:

- its solely-held assets, and its share of any assets held jointly;
- its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its solely-incurred expenses, and its share of any expenses incurred jointly.

(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.

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 Natural 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 supervision 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 and Goodwill

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.

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (Note 4(16)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

(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 are the 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, construction in progress, intangible assets with finite useful life, long-term equity investments, long-term prepaid expenses and right-of-use assets 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, is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing, and 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 financial expense. 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 makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. The Group has similar defined contribution plans for its employees in its overseas operations. 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) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

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

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss in a reasonable and systematic manner within the useful life of the relevant assets. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised initially as deferred income, and recognised in profit or loss or released to relevant cost in the period in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses already incurred is recognised to profit or loss or released to related cost immediately.

Government grants related to daily activities are recognised in other income or written down the related cost and expenses according to the nature of business activities. Government grants related to non-daily activities are recognised in non-operating income or expenses.

(20) Provisions

Provisions for product quality guarantee, 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. Due to technological progress, legal requirements or changes in the market environment, changes in the provisions caused by changes in the amount of expenditure, estimated time of retirement obligations, discount rate, etc., may occur in fulfilling the retirement obligation. For an increase in provisions, the cost of oil and gas properties will be increased accordingly; for a decrease in provisions, the cost of oil and gas properties will be deducted within the limit of the carrying amount of assets related to decommissioning expenses. If a decrease in the provision exceeds the carrying amount of the oil and gas properties recognised corresponding to the provision, the excess shall be recognised immediately in profit or loss.

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.

(21) Income tax

Current and deferred taxes are recognised in profit or loss, except for income tax arising from business combination or transactions or events which are directly included in owners' equity (including other comprehensive income).

Current tax is the expected tax payable on the taxable income for the year, using tax rates stipulated by the tax law, and any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets are offset against current tax liabilities if the Group has a legal right to settle on a net basis and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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). At the balance sheet date, 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.

(22) Revenue Recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract which the Group grants a customer the option to acquire additional goods or services (such as loyalty points), the Group assesses whether the option provides a material right to the customer. If the option provides a material right, the Group recognises the option as a performance obligation, and recognises revenue when those future goods or services are transferred or when the option expires. If the stand-alone selling price for a customer's option to acquire additional goods or services is not directly observable, the Group estimates it, taking into account all relevant information, including the difference in the discount that the customer would receive when exercising the option or without exercising the option, and the likelihood that the option will be exercised.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. To determine the transaction price for contracts in which a customer promises consideration in a form other than cash, the Group measures the non-cash consideration at fair value. If the Group cannot reasonably estimate the fair value of the non-cash consideration, the Group measures the consideration indirectly by reference to the stand-alone selling price of the goods or services promised to the customer in exchange for the consideration. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The customer can control the asset created or enhanced during the Group's performance;

- The Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- The Group has a present right to payment for the product or service;
- The Group has transferred physical possession of the goods to the customer;
- The Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- The customer has accepted the goods or services.

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (Note 4(7)(f)). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Sales of goods

The Group shall recognise revenue when (or as) the customer obtains control of relevant product. Obtaining control of relevant product means that a customer can dominate the use of the product and obtain almost all the economic benefits from it.

(b) Rendering of services

The Group recognises its revenue from rendering of services on performance progress. Customers simultaneously receive the service as the Group performs its obligation over time and consume the benefits arising from the Group's performance. Otherwise, a performance obligation is satisfied at a point in time, the Group shall recognise revenue when (or as) the customer obtains control of revenue service.

(c) Loyalty points

Under its customer loyalty programme, the Group allocates a portion of the transaction price received to loyalty points that are redeemable against any future purchases of the Group's goods or services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or expire.

(23) Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the costs are expensed when incurred. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

- The costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- Remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

- The costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

(24) Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;

- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;

- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note 4(22).

(a) The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note 4(16).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- There is a change in the amounts expected to be payable under a residual value guarantee;
- There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- There is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(b) The Group as a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease. There are no significant finance leases for the Group.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

(25) Assets Held for Sale and Discontinued Operations

(a) Assets held for sale

When the Group recovers the book value of a non-current asset or disposal group mainly through the sale rather than through continuing use, non-current assets or disposal groups are classified as held for sale.

Disposal groups refer to a group of assets that are disposed of by sale or other means as a whole in a transaction, as well as the liabilities directly related to such assets transferred in the transaction.

The Group classifies non-current assets or disposal groups meeting the following conditions into held for sale simultaneously:

- According to the practice of sale such assets or disposal groups in similar transactions, the non-current assets or disposal groups can be disposed immediately under current conditions;
- It is highly probable that the sale happens, that is, the Group has made a decision on a sale plan and has signed a legally binding purchase agreement with other parties, and it is expected that the sale will be completed within one year.

The non-current assets held for sale (excluding financial assets, deferred income tax assets) or the disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell in initial and subsequent measurement, and the difference between the carrying amount and fair value less costs to sell is recognised as asset impairment loss in profit and loss.

(b) Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale if it is separately identifiable and satisfies one of the following conditions:

- It represents a separate major line of business or a separate geographical area of operations;
- It is part of a single co-ordinated plan to dispose of a separate major line of business or a separate geographical area of operations;
- It is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

(26) Dividend Distribution

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

(27) Business Combination

Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

(a) Business combination under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. 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. The combination date is the date on which one combining entity obtains control of other combining entities.

(b) Business combination not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquisition costs paid and the acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, 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. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(28) 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. Where a subsidiary was acquired, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. 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. Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

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.

(29) 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 Chinese mainland and the total non-current assets located in other regions outside Chinese mainland.

(30) Related Party

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(31) 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 accounting periods 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 related to oil and gas production activities. 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 and natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profile and the oil and gas reserves. 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, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in the future, the Group may either over or under recognise the impairment losses for certain assets.

(c) Estimation of impairment of goodwill

The recoverable amount of a cash-generating unit containing goodwill is the greater of its value in use and the net selling price which is the fair value less disposal expenses. It is difficult to precisely estimate selling price of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to forecast sales volume, selling price and operating costs, and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions. Changes to key assumptions can significantly affect the result of the impairment assessment of goodwill.

(d) 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 management plan for the decommissioning of oil and gas properties, 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)

According to changes in the internal and external environment, accounting standards and company asset retirement expense measures and other relevant regulations, oil and gas field companies recalculate their asset retirement obligations of oil and gas properties based on the latest parameters to more objectively reflect the actual situation of the Company's asset retirement obligation of oil and gas properties.

(e) Deferred tax assets

According to the requirements of the competent tax authority, the Company paid income taxes of its branches in the Eastern and Western China Regions in aggregate. The tax losses recorded by the branches in the Eastern China Region has given rise to deferred tax assets, which are expected to be recoverable from future taxable profits generated by the branches in the Eastern China Region. Any policy adjustments may increase or decrease the amount of income tax expenses of the Company.

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")	13%, 9%, 6%	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.
Consumption Tax	Based on quantities	Based on sales quantities of taxable products. RMB 1.52 yuan per litre for unleaded gasoline, naphtha, solvent oil and lubricant. RMB 1.2 yuan per litre for diesel and fuel oil.
Corporate Income Tax	5% to 82%	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 VAT and consumption tax.

According to "Notice Concerning Import Tax Policies Related to Exploration, Development and Utilization of Energy Resources During the 14th Five-Year Plan Period"(Caishui [2021] No.17) jointly issued by Ministry of Finance, State Taxation Administration and General Administration of Customs, for the period from January 1, 2021 to December 31, 2025, the import value-added tax (VAT) of the import link shall be returned in proportion to the projects of cross-border natural gas pipelines and imported liquefied natural gas (LNG) receiving storage and transportation units approved by National Development and Reform Commission. This also includes natural gas imported from the expansion project of the import LNG receiving storage and transportation plant approved by the provincial governments. The import duties of equipment, instruments, zero accessories and special tools shall be exempted to the self-employed projects carrying out oil (natural gas) exploration and development operations in particular areas within the territory of China. The import duties and import value-added tax (VAT) of equipment, instruments, zero accessories and special tools shall be exempted to the Sino-foreign cooperation project carrying out oil (natural gas) exploration and development operations within the winning block of onshore oil (natural gas) approved by the State, projects carrying out oil (natural gas) exploration and development operations in China's oceans, emergency rescue projects for offshore oil and gas pipelines, and projects carrying out coal seam gas exploration and development operations in China.

Ministry of Finance and State Taxation Administration jointly issued the "Notice on Reduction of Resource Tax Assessed on Shale Gas" (Cai Shui [2018] No.26) on March 29, 2018. Pursuant to such notice, in order to promote the development and utilization of shale gas and effectively increase natural gas supply, from April 1, 2018 to March 31, 2021, a reduction of 30% will apply to the resource tax assessed on shale gas (at the prescribed tax rate of 6%). On March 15, 2021, Ministry of Finance and State Taxation Administration jointly issued "Notice on Extending the Implementation Period of Some Preferential Tax Policies" (Caishui [2021] No.6) to announce the implementation period of that preferential tax policies would be extended to December 31, 2023.

Pursuant to the Notice from Ministry of Finance on the "Increase of the Threshold of the Crude Oil Special Gain Levy" (Cai Shui [2014] No. 115), the threshold of the crude oil special gain levy shall be USD 65 per barrel, which has 5 levels and is calculated and charged according to the progressive and valorem rates on the excess amounts from January 1, 2015.

In accordance with the Circular jointly issued by Ministry of Finance, the General Administration of Customs of the PRC and State Taxation Administration on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No.58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%. Ministry of Finance, State Taxation Administration and the NDRC issued the Announcement on Continuing the Income Tax Policy for Western Development (Notice No.23 of 2020 of Cai Zheng Bu), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2021 to December 31, 2030.

According to "Notice Concerning Levy of Import Consumption Tax on Certain Refined Oil Products"(Notice 2021 No.19 issued by Ministry of Finance, General Administration of Customs and State Taxation Administration), which takes effect on 12 June 2021, for imported goods under HS code 27075000 and whose aromatic hydrocarbon mixtures lower than 95% by volume distils below 200 degrees Celsius, the import consumption tax shall be levied at the unit tax rate of 1.52 RMB/liter for naphtha; Import consumption tax on naphtha shall be levied at the unit tax rate of 1.52 yuan/liter for imported products classified into HS code 27079990 and 27101299. For the imported products which are classified into HS code 27150000 and the mineral oil distilled below 440 degrees Celsius is more than 5% by volume, it shall be regarded as fuel oil, and the import consumption tax shall be levied at the unit tax of 1.2 yuan/liter.

(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 outside the PRC	Limited liability company	Ye Xiandeng	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, associates and joint ventures are the exploration, development and production of crude oil, natural gas, oilsands and coalbed methane outside the PRC	Limited liability company	Ye Xiandeng	31,314	100.00	100.00	Yes
PetroChina International Company Limited	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	Tian Jinghui	18,953	100.00	100.00	Yes
PetroChina Sichuan Petrochemical Company Limited	Established	PRC	10,000	Engaged in oil refining, petrochemical, chemical products production, sales, chemical technology development, technical transfer and services	Limited liability company	Wang Bin	21,600	90.00	90.00	Yes

(i) The Company consolidated the financial statements of the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(All amounts in RMB millions unless otherwise stated)

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

	Assets and liabilities	
Company name	June 30, 2021	December 31, 2020
PetroKazakhstan Inc.	USD 1=6.4601 yuan	USD 1=6.5249 yuan
PetroChina Hong Kong Limited	HKD 1=0.8321 yuan	HKD 1=0.8416 yuan
Singapore Petroleum Company Limited	USD 1=6.4601 yuan	USD 1=6.5249 yuan

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

7 CASH AT BANK AND ON HAND

	June 30, 2021	December 31, 2020
Cash on hand	27	28
Cash at bank	186,553	145,208
Other cash balances	1,453	714
	188,033	145,950

The Group's cash at bank and on hand included the following foreign currencies as of June 30, 2021:

	Foreign currency	Exchange rate	RMB equivalent
USD	11,315	6.4601	73,096
HKD	11,648	0.8321	9,692
Tenge	47,539	0.0151	718
Other			4,896
			88,402

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2020:

	Foreign currency	Exchange rate	RMB equivalent
USD	10,017	6.5249	65,360
HKD	9,103	0.8416	7,661
Tenge	10,789	0.0154	166
Other			2,511
			75,698

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)

The Group's cash at bank and on hand included margin account deposits with carrying amount of RMB 2,586 as impawn USD borrowings as of June 30, 2021 (December 31, 2020: RMB 2,586) (Note 30).

8 ACCOUNTS RECEIVABLE

	Group		Company	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Accounts receivable	74,704	53,465	8,953	8,687
Less: Provision for bad debts	(1,424)	(1,140)	(303)	(275)
	73,280	52,325	8,650	8,412

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

	Group					
	June 30, 2021			December 31, 2020		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	72,543	97	(194)	51,848	96	(207)
1 to 2 years	826	1	(289)	461	1	(87)
2 to 3 years	331	1	(110)	230	1	(21)
Over 3 years	1,004	1	(831)	926	2	(825)
	74,704	100	(1,424)	53,465	100	(1,140)

	Company					
	June 30, 2021			December 31, 2020		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	8,399	94	(47)	8,356	96	(22)
1 to 2 years	272	3	(10)	111	1	(67)
2 to 3 years	65	1	(63)	1	-	-
Over 3 years	217	2	(183)	219	3	(186)
	8,953	100	(303)	8,687	100	(275)

The aging is counted starting from the date when accounts receivable are recognised.

(All amounts in RMB millions unless otherwise stated)

The Group measures loss allowance for accounts receivable at an amount equal to lifetime ECLs. Considering the differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables, the ECLs were calculated based on historical actual credit loss experience. The Group performed the calculation of ECL rates by the operating segment and geography.

			Impairment provision on provision matrix basis		
June 30, 2021	Gross carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
Current (not past due)	68,167	34	0.2%	140	174
Within 1 year past due	4,908	9	0.8%	39	48
1 to 2 years past due	619	154	27.6%	128	282
2 to 3 years past due	160	65	47.2%	45	110
Over 3 years past due	850	327	92.3%	483	810
	74,704	589		835	1,424

			Impairment provision on provision matrix basis		
December 31, 2020	Gross carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
Current (not past due)	46,849	-	0.1%	34	34
Within 1 year past due	5,326	154	0.4%	19	173
1 to 2 years past due	386	65	6.9%	22	87
2 to 3 years past due	50	11	25.6%	10	21
Over 3 years past due	854	342	94.3%	483	825
	53,465	572		568	1,140

As of June 30, 2021, the top five debtors of accounts receivable of the Group amounted to RMB 18,153, representing 24% of total accounts receivable, and there is no provision for bad and doubtful debts (As of December 31, 2020, the top five debtors of accounts receivable of the Group amounted to RMB 31,005, representing 58% of total accounts receivable, and the corresponding balance of provision for bad and doubtful debts is RMB 5).

During the six months ended June 30, 2021 and the six months ended June 30, 2020, the Group had no significant write-off of the provision for bad debts of accounts receivable.

(All amounts in RMB millions unless otherwise stated)

9 RECEIVABLES FINANCING

Receivables financing mainly represents bills of acceptance issued by banks for the sale of goods and rendering of services.

On June 30, 2021 and December 31, 2020, all receivables financing of the Group are due within one year.

10 ADVANCES TO SUPPLIERS

	June 30, 2021	December 31, 2020
Advances to suppliers	26,316	22,330
Less: Provision for bad debts	(704)	(704)
	25,612	21,626

As of June 30, 2021 and December 31, 2020, advances to suppliers of the Group are mainly aged within one year.

As of June 30, 2021, the top five debtors of advances to suppliers of the Group amounted to RMB 6,147, representing 23% of total advances to suppliers (As of December 31, 2020, the top five debtors of advances to suppliers of the Group amounted to RMB 12,840, representing 58% of total advances to suppliers).

11 OTHER RECEIVABLES

	Group		Company	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Interest receivable	462	329	8	8
Dividends receivable	809	8,051	684	9,748
Other receivables (a)	24,666	18,454	5,977	4,982
Total	25,937	26,834	6,669	14,738

(All amounts in RMB millions unless otherwise stated)

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

	Group					
	June 30, 2021			December 31, 2020		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	17,103	63	(9)	10,812	51	(44)
1 to 2 years	1,327	5	(23)	5,365	25	(45)
2 to 3 years	4,516	16	(19)	726	3	(12)
Over 3 years	4,394	16	(2,623)	4,225	21	(2,573)
	27,340	100	(2,674)	21,128	100	(2,674)

	Company					
	June 30, 2021			December 31, 2020		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	4,091	62	(7)	2,479	44	(24)
1 to 2 years	504	8	(2)	1,887	33	(8)
2 to 3 years	960	14	(7)	155	3	(1)
Over 3 years	1,086	16	(648)	1,126	20	(632)
	6,641	100	(664)	5,647	100	(665)

The aging is counted starting from the date when other receivables are recognised.

As of June 30, 2021, the top five debtors of other receivables of the Group amounted to RMB 9,944, representing 36% of total other receivables, and the corresponding balance of provision for bad and doubtful debts is RMB 365 (As of December 31, 2020, the top five debtors of other receivables of the Group amounted to RMB 6,218, representing 29% of total other receivables, and the corresponding balance of provision for bad and doubtful debts is RMB 509).

During the six months ended June 30, 2021 and the six months ended June 30, 2020, the Group had no significant write-off of the provision for bad debts of other receivables.

(All amounts in RMB millions unless otherwise stated)

12 INVENTORIES

	June 30, 2021	December 31, 2020
Cost		
Crude oil and other raw materials	63,753	35,855
Work in progress	13,848	12,387
Finished goods	91,255	80,739
Turnover materials	84	75
	168,940	129,056
Less: Write down in inventories	(378)	(517)
Net book value	168,562	128,539

13 INVESTMENTS IN OTHER EQUITY INSTRUMENTS

	June 30, 2021	December 31, 2020
Chengdu Huaqihoupu Holding Co., Ltd.	257	228
China Pacific Insurance (Group) Co., Ltd.	142	188
Other items	518	494
	917	910

14 LONG-TERM EQUITY INVESTMENTS

	Group			
	December 31, 2020	Addition	Reduction	June 30, 2021
Associates and joint ventures (a)	250,864	8,997	(2,098)	257,763
Less: Provision for impairment (b)	(166)	-	-	(166)
	250,698			257,597

	Company			
	December 31, 2020	Addition	Reduction	June 30, 2021
Subsidiaries (c)	256,165	342	(1,510)	254,997
Associates and joint ventures	195,739	6,606	(1,079)	201,266
Less: Provision for impairment	(227)	-	-	(227)
	451,677			456,036

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2021, the above-mentioned investments are not subject to restriction on conversion into cash or remittance of investment income.

(a) Principal associates and joint ventures of the Group

Company name	Country of incorporation	Principal activities	Registered capital	Interest held%		Voting rights %	Accounting method	Strategic decisions relating to the Group's activities
				Direct	Indirect			
China Oil & Gas Piping Network Corporation ("PipeChina")	PRC	Pipeline transportation, warehousing services, equipment import and export, technology import and export, scientific and technological research, informatization research and application, technical consultation, technical services, technology transfer, and technology promotion	500,000	29.90	-	29.90	Equity method	Yes
China Petroleum Finance Co., Ltd. ("CP Finance")	PRC	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	8,331	32.00	-	32.00	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
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
Mangistau Investment B.V.	Netherlands	Engages in investing activities, the principle activities of its main subsidiaries are exploration, development and sale of oil and gas.	USD 131 million	-	50.00	50.00	Equity method	No
Trans-Asia Gas Pipeline Co., Ltd.	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

(All amounts in RMB millions unless otherwise stated)

Investments in principal associates and joint ventures are listed below:

	Investment cost	December 31, 2020	Investment income recognised under equity method	Other comprehensive loss	Cash dividend declared	Other	June 30, 2021
PipeChina	149,500	151,135	3,471	-	-	75	154,681
CP Finance	10,223	24,114	982	(99)	(512)	-	24,485
CNPC Captive Insurance Co., Ltd.	2,450	3,281	98	-	(39)	-	3,340
China Marine Bunker (PetroChina) Co., Ltd.	740	1,336	13	(8)	-	25	1,366
Mangistau Investment B.V.	176	3,917	310	(89)	-	-	4,138
Trans-Asia Gas Pipeline Co., Ltd.	14,527	20,065	1,058	(274)	-	-	20,849

Interest in associates

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

	PipeChina		CP Finance		CNPC Captive Insurance Co., Ltd.	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Percentage ownership interest (%)	29.90	29.90	32.00	32.00	49.00	49.00
Current assets	73,128	74,012	329,675	313,741	15,120	11,267
Non-current assets	729,413	655,982	174,456	177,344	183	2,956
Current liabilities	69,132	55,562	420,163	404,201	4,533	4,752
Non-current liabilities	131,265	104,150	8,543	12,617	3,954	2,776
Net assets	602,144	570,282	75,425	74,267	6,816	6,695
Group's share of net assets	154,681	151,135	24,136	23,765	3,340	3,281
Goodwill	-	-	349	349	-	-
Carrying amount of interest in associates	154,681	151,135	24,485	24,114	3,340	3,281

(All amounts in RMB millions unless otherwise stated)

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

	PipeChina	CP Finance		CNPC Captive Insurance Co., Ltd.	
	For the six months ended June 30, 2021	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating income	48,917	6,238	7,523	691	266
Net profit	15,037	3,070	3,823	200	190
Other comprehensive (loss) / income	-	(312)	233	-	-
Total comprehensive income	15,037	2,758	4,056	200	190
Group's share of total comprehensive income	3,471	883	1,298	98	93
Dividends received by the Group	-	512	188	39	36

Interest in joint ventures

Summarised balance sheet as included in their own financial statements, adjusted for fair value adjustments and differences in accounting policies in respect of the Group's principal joint ventures and reconciliation to carrying amount is as follows:

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Percentage ownership interest (%)	50.00	50.00	50.00	50.00	50.00	50.00
Non-current assets	1,852	1,685	12,194	10,586	40,671	39,809
Current assets	9,968	7,319	2,377	830	3,402	2,886
Including: cash and cash equivalents	860	1,343	1,250	74	1,438	739
Non-current liabilities	230	158	4,321	3,008	2,294	2,330
Current liabilities	8,433	5,927	1,974	575	82	235
Net assets	3,157	2,919	8,276	7,833	41,697	40,130
Net assets attributable to owners of the Company	2,732	2,672	8,276	7,833	41,697	40,130
Group's share of net assets	1,366	1,336	4,138	3,917	20,849	20,065
Carrying amount of interest in joint ventures	1,366	1,336	4,138	3,917	20,849	20,065

(All amounts in RMB millions unless otherwise stated)

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

	China Marine Bunker (PetroChina) Co., Ltd.		Mangistau Investment B.V.		Trans-Asia Gas Pipeline Co., Ltd.	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating income	25,226	18,178	5,182	4,039	6	8
Finance expenses	32	(36)	(60)	(26)	(41)	(5)
Including: Interest income	6	8	1	-	17	21
Interest expense	33	41	6	78	(28)	29
Taxation	24	(27)	(396)	(93)	-	-
Net profit / (loss)	47	81	620	(156)	2,115	1,514
Other comprehensive (loss) / income	(19)	9	(178)	(140)	(548)	(362)
Total comprehensive income / (loss)	28	90	442	(296)	1,567	1,152
Group's share of total comprehensive income / (loss)	5	45	221	(148)	784	576
Dividends received by the Group	-	-	-	-	-	-

(b) Provision for impairment

	June 30, 2021	December 31, 2020
Associates and joint ventures		
PetroChina Shouqi Sales Company Limited	(60)	(60)
PetroChina Beiqi Sales Company Limited	(49)	(49)
Other	(57)	(57)
	(166)	(166)

(c) Subsidiaries

Investment in subsidiaries:

	Investment cost	December 31, 2020	Addition	Deduction	June 30, 2021
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	18,953	-	-	18,953
PetroChina Sichuan Petrochemical Company Limited	21,600	21,600	-	-	21,600
Other		68,210	342	(1,510)	67,042
Total		256,165	342	(1,510)	254,997

(All amounts in RMB millions unless otherwise stated)

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

Summarised balance sheet is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Percentage ownership interest (%)	50.00	50.00	90.00	90.00
Current assets	19,848	16,046	3,779	4,278
Non-current assets	180,182	182,392	25,479	26,371
Current liabilities	14,529	21,820	2,484	5,382
Non-current liabilities	28,270	22,566	454	486
Net assets	157,231	154,052	26,320	24,781

Summarised statement of comprehensive income is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating income	19,604	16,772	22,414	16,925
Net profit / (loss)	4,450	2,549	1,981	(321)
Total comprehensive income / (loss)	2,872	2,821	1,981	(321)
Profit / (loss) attributable to non-controlling interests	2,359	1,467	198	(32)
Dividends paid to non-controlling interests	739	521	47	-

Summarised statement of cash flow is as follows:

	CNPC Exploration and Development Company Limited		PetroChina Sichuan Petrochemical Company Limited	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Net cash flows from / (used for) operating activities	7,277	3,464	(975)	1,511

(All amounts in RMB millions unless otherwise stated)

15 FIXED ASSETS

	December 31, 2020	Addition	Reduction	June 30, 2021
Cost				
Buildings	248,948	3,855	(801)	252,002
Equipment and Machinery	746,404	7,347	(4,404)	749,347
Motor Vehicles	22,857	142	(292)	22,707
Other	46,155	1,055	(440)	46,770
Total	1,064,364	12,399	(5,937)	1,070,826
Accumulated depreciation				
Buildings	(105,617)	(6,163)	461	(111,319)
Equipment and Machinery	(443,018)	(15,958)	2,044	(456,932)
Motor Vehicles	(17,341)	(536)	267	(17,610)
Other	(24,063)	(1,210)	309	(24,964)
Total	(590,039)	(23,867)	3,081	(610,825)
Fixed assets, net				
Buildings	143,331			140,683
Equipment and Machinery	303,386			292,415
Motor Vehicles	5,516			5,097
Other	22,092			21,806
Total	474,325			460,001
Provision for impairment				
Buildings	(5,282)	-	-	(5,282)
Equipment and Machinery	(45,091)	-	70	(45,021)
Motor Vehicles	(90)	-	1	(89)
Other	(7,874)	-	-	(7,874)
Total	(58,337)	-	71	(58,266)
Net book value				
Buildings	138,049			135,401
Equipment and Machinery	258,295			247,394
Motor Vehicles	5,426			5,008
Other	14,218			13,932
Total	415,988			401,735

Depreciation charged to profit or loss provided on fixed assets for the six months ended June 30, 2021 was RMB 22,772 (for the six months ended June 30, 2020: RMB 31,255). Cost transferred from construction in progress to fixed assets was RMB 8,570 (for the six months ended June 30, 2020: RMB 10,612).

As of June 30, 2021, the Group's fixed assets under operating leases are mainly equipment and machinery, the net book value of which amounted to RMB 1,658 (December 31, 2020: RMB 1,772).

As of June 30, 2021, the Group has no significant fixed assets which are pledged.

(All amounts in RMB millions unless otherwise stated)

16 OIL AND GAS PROPERTIES

	December 31, 2020	Addition	Reduction	June 30, 2021
Cost				
Mineral interests in proved properties	47,063	116	(201)	46,978
Mineral interests in unproved properties	18,061	492	-	18,553
Wells and related facilities	2,291,023	35,885	(4,081)	2,322,827
Total	2,356,147	36,493	(4,282)	2,388,358
Accumulated depletion				
Mineral interests in proved properties	(15,628)	(936)	234	(16,330)
Wells and related facilities	(1,452,874)	(74,757)	3,677	(1,523,954)
Total	(1,468,502)	(75,693)	3,911	(1,540,284)
Oil and gas properties, net				
Mineral interests in proved properties	31,435			30,648
Mineral interests in unproved properties	18,061			18,553
Wells and related facilities	838,149			798,873
Total	887,645			848,074
Provision for impairment				
Mineral interests in proved properties	(1,230)	(55)	-	(1,285)
Mineral interests in unproved properties	(13,070)	(248)	-	(13,318)
Wells and related facilities	(59,457)	-	-	(59,457)
Total	(73,757)	(303)	-	(74,060)
Net book value				
Mineral interests in proved properties	30,205			29,363
Mineral interests in unproved properties	4,991			5,235
Wells and related facilities	778,692			739,416
Total	813,888			774,014

Depletion charged to profit or loss provided on oil and gas properties for the six months ended June 30, 2021 was RMB 75,609 (for the six months ended June 30, 2020: RMB 73,704). Cost transferred from construction in progress to oil and gas properties was RMB 35,197 (for the six months ended June 30, 2020: RMB 36,607) .

As of June 30, 2021, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB 97,653 (December 31, 2020: RMB 96,657). Related depletion charge for the six months ended June 30, 2021 was RMB 1,672 (for the six months ended June 30, 2020: RMB 2,079).

(All amounts in RMB millions unless otherwise stated)

17 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2020	Addition	Transferred to fixed assets or oil and gas properties	Other reduction	June 30, 2021	Proportion of construction compared to budget %	Capitalised interest expense	Including: capitalised interest expense for current year	Source of fund
Guangdong Petrochemical Integration of Refining and Chemical Industry	65,430	13,443	6,115	(1)	-	19,557	35%	1,288	227	Self & loan
Lanzhou Petrochemical Company Changqing Ethylene Production by Ethane Project	9,288	2,474	2,851	-	-	5,325	63%	57	49	Self & loan
Tarim - Production of Ethylene from Ethane Project	8,042	4,180	1,854	(641)	-	5,393	76%	-	-	Self
Other		207,644	62,483	(43,125)	(8,070)	218,932		2,291	228	
		227,741	73,303	(43,767)	(8,070)	249,207		3,636	504	
Less: Provision for impairment		(5,526)	(481)	-	41	(5,966)				
		222,215				243,241				

For the six months ended June 30, 2021, the capitalised interest expense amounted to RMB 504 (for the six months ended June 30, 2020: RMB 460). The average annual interest rate used to determine the capitalised amount is 4.19% (for the six months ended June 30, 2020: 4.28%).

18 INTANGIBLE ASSETS

	December 31, 2020	Addition	Reduction	June 30, 2021
Cost				
Land use rights	88,365	2,083	(286)	90,162
Patents	4,626	3	-	4,629
Other (i)	41,872	1,072	(433)	42,511
Total	134,863	3,158	(719)	137,302
Accumulated amortisation				
Land use rights	(22,456)	(1,532)	12	(23,976)
Patents	(3,845)	(72)	-	(3,917)
Other	(21,712)	(997)	134	(22,575)
Total	(48,013)	(2,601)	146	(50,468)
Intangible assets, net				
Land use rights	65,909			66,186
Patents	781			712
Other	20,160			19,936
Total	86,850			86,834
Provision for impairment	(749)	-	2	(747)
Net book value	86,101			86,087

(i) Other intangible assets principally include operation rights and software etc.

(All amounts in RMB millions unless otherwise stated)

Amortisation charged to profit or loss provided on intangible assets for the six months ended June 30, 2021 was RMB 2,499 (for the six months ended June 30, 2020: RMB 2,448).

19 GOODWILL

	June 30, 2021	December 31, 2020
Cost		
Petrolneos Trading Limited	4,369	4,413
Singapore Petroleum Company	2,845	2,873
Other	1,096	875
Total	8,310	8,161
Provision for impairment	(36)	(36)
Net book value	8,274	8,125

Goodwill primarily relates to the acquisition of Singapore Petroleum Company and Petrolneos Trading Limited completed in 2009 and 2011, respectively.

20 LONG-TERM PREPAID EXPENSES

	December 31, 2020	Addition	Reduction	June 30, 2021
Catalyst	4,994	578	(759)	4,813
Other	6,875	421	(1,706)	5,590
Total	11,869	999	(2,465)	10,403

21 PROVISION FOR ASSETS

	December 31, 2020	Addition	Reversal	Write-off and others	June 30, 2021
Bad debts provision	4,518	275	(18)	27	4,802
Including:					
Bad debts provision for accounts receivable	1,140	274	(17)	27	1,424
Bad debts provision for other receivables	2,674	1	(1)	-	2,674
Bad debts provision for advances to suppliers	704	-	-	-	704
Provision for declines in the value of inventories	517	67	(60)	(146)	378
Provision for impairment of long-term equity investments	166	-	-	-	166
Provision for impairment of fixed assets	58,337	-	-	(71)	58,266
Provision for impairment of oil and gas properties	73,757	288	-	15	74,060
Provision for impairment of construction in progress	5,526	179	-	261	5,966
Provision for impairment of intangible assets	749	-	-	(2)	747
Provision for impairment of goodwill	36	-	-	-	36
Provision for impairment of other non-current assets	263	11	-	(109)	165
Total	143,869	820	(78)	(25)	144,586

(All amounts in RMB millions unless otherwise stated)

22 SHORT-TERM BORROWINGS

	June 30, 2021	December 31, 2020
Mortgage - RMB	5	-
Guarantee - RMB	130	-
Unsecured - RMB	10,745	10,862
Unsecured - USD	46,859	26,542
Unsecured - JPY	4,344	3,316
Unsecured - Other	3,111	634
	65,194	41,354

As of June 30, 2021, the above guaranteed RMB borrowings were mainly guaranteed by minority shareholders of relevant non-wholly-owned subsidiaries.

The weighted average interest rate for short-term borrowings as of June 30, 2021 is 0.86% per annum (December 31, 2020: 1.17%).

23 NOTES PAYABLE

As of June 30, 2021 and December 31, 2020, notes payable mainly represented commercial acceptance. All notes payable matured within one year.

24 ACCOUNTS PAYABLE

The aging of accounts payable are analysed as follows:

	Group			
	June 30, 2021		December 31, 2020	
	Amount	Percentage of total balance %	Amount	Percentage of total balance %
Within 1 year	189,767	88	192,416	87
1 to 2 years	10,041	5	11,549	5
2 to 3 years	4,056	2	5,966	3
Over 3 years	11,653	5	10,387	5
	215,517	100	220,318	100

As of June 30, 2021, accounts payable aged over one year amounted to RMB 25,750 (December 31, 2020: RMB 27,902), and mainly comprised of unsettled payables to several suppliers.

(All amounts in RMB millions unless otherwise stated)

25 CONTRACT LIABILITIES

As of June 30, 2021, contract liabilities mainly represented the sales of crude oil, natural gas and refined oil, etc. The contract liabilities aged over one year amounted to RMB 3,342 (December 31, 2020: RMB 3,501). The main related performance obligations are expected to be satisfied and revenue is recognised within one year.

26 EMPLOYEE COMPENSATION PAYABLE

(1) Employee compensation payable listed as below

	December 31, 2020	Addition	Reduction	June 30, 2021
Short-term employee benefits	8,599	57,541	(53,708)	12,432
Post-employment benefits - defined contribution plans	46	10,801	(10,716)	131
Termination benefits	4	43	(43)	4
	8,649	68,385	(64,467)	12,567

(2) Short-term employee benefits

	December 31, 2020	Addition	Reduction	June 30, 2021
Wages, salaries and allowances	2,821	42,518	(39,188)	6,151
Staff welfare	-	2,890	(2,890)	-
Social security contributions	537	5,791	(5,536)	792
Including:				
Medical insurance	515	5,305	(5,046)	774
Work-related injury insurance	18	429	(433)	14
Maternity insurance	4	57	(57)	4
Housing provident funds	7	5,031	(5,025)	13
Labour union funds and employee education funds	5,181	1,259	(1,019)	5,421
Other	53	52	(50)	55
	8,599	57,541	(53,708)	12,432

(3) Post-employment benefits-defined contribution plans

	December 31, 2020	Addition	Reduction	June 30, 2021
Basic pension insurance	35	6,793	(6,711)	117
Unemployment insurance	1	238	(236)	3
Annuity	10	3,770	(3,769)	11
	46	10,801	(10,716)	131

As of June 30, 2021, employee benefits payable did not contain any balance in arrears.

(All amounts in RMB millions unless otherwise stated)

27 TAXES PAYABLE

	June 30, 2021	December 31, 2020
Value added tax payable	8,550	5,565
Income tax payable	5,727	3,730
Consumption tax payable	19,191	43,470
Other	11,620	10,959
	45,088	63,724

28 OTHER PAYABLES

As of June 30, 2021, other payables mainly comprised dividends payable, project payment payables, deposit, earnest money, caution money and insurance payables, and other payables aged over one year amounted to RMB 10,584 (December 31, 2020: RMB 8,362).

29 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2021	December 31, 2020
Long-term borrowings due within one year		
Guarantee – RMB	17	461
Guarantee – USD	26	1,290
Guarantee – Other	3	5
Impawn – RMB	10	3
Unsecured – RMB	17,412	16,867
Unsecured – USD	15,309	10,558
Unsecured – Other	2	4
	32,779	29,188
Debentures payable due within one year	-	46,000
Long-term payables due within one year	-	2
Lease liabilities due within one year	6,071	6,579
	38,850	81,769

(All amounts in RMB millions unless otherwise stated)

30 LONG-TERM BORROWINGS

	June 30, 2021	December 31, 2020
Guarantee – RMB	1,669	4,009
Guarantee – USD	125	1,420
Guarantee – Other	3	6
Impawn – RMB	1,207	1,203
Impawn - USD	2,907	2,284
Mortgage – RMB	1,344	785
Unsecured – RMB	133,072	110,599
Unsecured – USD	65,209	65,068
Unsecured – Other	3,795	3,954
	209,331	189,328
Less: Long-term borrowings due within one year (Note 29)	(32,779)	(29,188)
	176,552	160,140

Mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries as of June 30, 2021. Impawn RMB loan was impawned by natural gas charging right. The above impawn USD loan was impawned by margin account deposits whose carrying amount was RMB 2,586 (Note 7). The fixed assets with carrying amount of RMB 804, the construction in progress with carrying amount of 297 and the land use right with carry amount of RMB 46 were used as the mortgage for the mortgage loan.

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

	June 30, 2021	December 31, 2020
Between one and two years	27,447	45,051
Between two and five years	132,212	100,746
After five years	16,893	14,343
	176,552	160,140

The weighted average interest rate for long-term borrowings as of June 30, 2021 is 2.64% (December 31, 2020: 2.88%).

The fair values of long-term borrowings (including long-term borrowings due within one year) amounted to RMB 204,228 (December 31, 2020: RMB 188,071). 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)

31 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of Debentures	Annual interest rate%	December 31, 2020	Addition	Redu-ction	June 30, 2021
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 - 10 years	March 15, 2013	10 - year	4.88	4,000	-	-	4,000
Kunlun Energy Company Limited priority notes - 10 years	May 13, 2015	10 - year	3.75	3,239	-	(33)	3,206
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)	-
2019 PetroChina Company Limited first tranche medium-term notes - 5 years	January 24, 2019	5 - year	3.45	10,000	-	-	10,000
2019 PetroChina Company Limited second tranche medium-term notes - 5 years	January 24, 2019	5 - year	3.45	10,000	-	-	10,000
2019 PetroChina Company Limited third tranche medium-term notes - 5 years	February 22, 2019	5 - year	3.66	10,000	-	-	10,000
2019 PetroChina Company Limited fourth tranche medium-term notes - 5 years	February 22, 2019	5 - year	3.66	10,000	-	-	10,000
2019 PetroChina Company Limited fifth tranche medium-term notes - 5 years	April 23, 2019	5 - year	3.96	10,000	-	-	10,000
2020 PetroChina Company Limited first tranche medium-term notes - 3 years	April 9, 2020	3 - year	2.42	10,000	-	-	10,000
2020 PetroChina Company Limited second tranche medium-term notes - 3 years	April 9, 2020	3 - year	2.42	10,000	-	-	10,000
2020 PetroChina Kunlun Gas Company Limited first tranche medium-term notes - 3 years	April 27, 2020	3 - year	2.43	1,000	-	-	1,000
				137,239	-	(46,033)	91,206
Less: Debentures Payable due within one year (Note 29)				(46,000)			-
				91,239			91,206

(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, 2021, the above-mentioned debentures which were guaranteed by CNPC and its subsidiaries amounted to RMB 8,000 (December 31, 2020: RMB 8,000).

The fair values of the debentures amounted to RMB 86,384 (December 31, 2020: RMB 132,323). 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).

32 PROVISIONS

	December 31, 2020	Addition	Reduction	June 30, 2021
Asset retirement obligations	114,819	3,254	(446)	117,627

Asset retirement obligations are related to oil and gas properties.

33 DEFERRED TAX ASSETS AND LIABILITIES

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

(a) Deferred tax assets

	June 30, 2021		December 31, 2020	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for impairment of assets and depreciation and depletion of fixed assets and oil and gas properties	6,323	40,667	7,418	40,836
Wages and welfare	1,251	7,433	1,258	6,072
Carry forward of losses	20,395	193,426	24,646	215,844
Other	11,941	65,286	8,995	50,603
	39,910	306,812	42,317	313,355

Tax losses that can be carried forward to future years include deferred tax assets arising from the losses of branches in the eastern region. The income tax expenses of branches in the eastern and western regions were paid in aggregate according to the requirements of the competent tax authority.

(All amounts in RMB millions unless otherwise stated)

(b) Deferred tax liabilities

	June 30, 2021		December 31, 2020	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of fixed assets and oil and gas properties	19,451	77,904	24,147	87,208
Other	24,308	98,813	23,196	92,798
	43,759	176,717	47,343	180,006

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

	June 30, 2021	December 31, 2020
Deferred tax assets	13,599	11,364
Deferred tax liabilities	17,448	16,390

34 SHARE CAPITAL

	June 30, 2021	December 31, 2020
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 state-owned shares of the Company originally 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 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.

(All amounts in RMB millions unless otherwise stated)

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, 2020	Addition	Reduction	June 30, 2021
Capital premium	84,340	-	-	84,340
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Other	1,927	503	-	2,430
	127,222	503	-	127,725

36 SURPLUS RESERVES

	December 31, 2020	Addition	Reduction	June 30, 2021
Statutory Surplus Reserves	203,517	-	-	203,517
Discretionary Surplus Reserves	40	-	-	40
	203,557	-	-	203,557

Pursuant to the Company Law of PRC, the Company's Articles of Association and the resolution of the 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 the 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, 2021 (for the six months ended June 30, 2020: None).

(All amounts in RMB millions unless otherwise stated)

37 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2021
Undistributed profits at the beginning of the period	722,939
Add: Net profit attributable to equity holders of the Company	53,036
Less: Ordinary share dividends payable	(16,000)
Undistributed profits at the end of the period	759,975

As authorised by shareholders in the Annual General Meeting on June 10, 2021, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2021 of RMB 0.13040 yuan per share amounting to a total of RMB 23,866 according to the issued 183,021 million shares on August 25, 2021. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the statement of financial position.

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	2,344	739	77,071
Kunlun Energy Company Limited	45.62	10,915	11,034	42,446
PetroChina Sichuan Petrochemical Company Limited	10.00	198	47	2,920
PetroKazakhstan Inc.	33.00	15	-	1,172
Other				17,579
				141,188

39 OPERATING INCOME AND COST OF SALES

	Group			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Principal operations (b)	1,169,384	929,291	905,173	745,133
Other operations (c)	27,197	28,349	23,872	25,060
Total	1,196,581	957,640	929,045	770,193
Including: Revenue from contracts with customers (a)	1,196,129		928,558	
Other revenue	452		487	

(All amounts in RMB millions unless otherwise stated)

	Company			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Principal operations (b)	640,077	475,134	496,182	407,428
Other operations (c)	20,736	22,445	17,934	19,701
Total	660,813	497,579	514,116	427,129
Including: Revenue from contracts with customers (a)	660,391		513,887	
Other revenue	422		229	

(a) Revenue from contracts with customers

For the six months ended June 30, 2021 Contract classification	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of merchandise						
Crude oil	199,754	-	330,181	-	-	529,935
Natural gas	65,962	-	114,837	180,603	-	361,402
Refining products	-	363,646	482,180	-	-	845,826
Chemical products	-	92,483	21,013	-	-	113,496
Pipeline transportation business	-	-	-	3,436	-	3,436
Non-oil sales in gas stations	-	-	13,430	-	-	13,430
Others	47,189	3,174	596	14,116	604	65,679
Intersegment elimination	(259,957)	(295,281)	(172,460)	(9,347)	(30)	(737,075)
Total	52,948	164,022	789,777	188,808	574	1,196,129
Geographical classification						
Chinese mainland	29,740	164,022	374,477	188,808	574	757,621
Others	23,208	-	415,300	-	-	438,508
Total	52,948	164,022	789,777	188,808	574	1,196,129

(All amounts in RMB millions unless otherwise stated)

For the six months ended June 30, 2020 Contract classification	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of merchandise						
Crude oil	158,463	-	231,701	-	-	390,164
Natural gas	60,737	-	90,813	136,071	-	287,621
Refining products	-	298,095	402,271	-	-	700,366
Chemical products	-	68,712	12,750	-	-	81,462
Pipeline transportation business	-	-	-	33,462	-	33,462
Non-oil sales in gas stations	-	-	11,151	-	-	11,151
Others	36,162	2,936	443	9,564	456	49,561
Intersegment elimination	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Total	42,741	110,945	612,693	161,812	367	928,558
Geographical classification						
Chinese mainland	13,050	110,945	273,758	161,812	367	559,932
Others	29,691	-	338,935	-	-	368,626
Total	42,741	110,945	612,693	161,812	367	928,558

	Company	
Contract classification	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Type of merchandise		
Crude oil	162,339	122,487
Natural gas	229,901	203,949
Refining products	592,641	483,331
Chemical products	92,047	68,440
Pipeline transportation business	-	4,965
Non-oil sales in gas stations	11,763	9,613
Others	28,079	21,814
Intersegment elimination	(456,379)	(400,712)
Total	660,391	513,887

Contract revenue primarily represents revenue from the sales of crude oil, natural gas, refined petroleum products and chemical products, which are mainly recognised at a point in time.

(All amounts in RMB millions unless otherwise stated)

(b) Income and cost of sales from principal operations

	Group			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Exploration and Production	306,112	247,140	247,833	208,119
Refining and Chemicals	456,129	330,706	366,807	277,062
Marketing	948,212	917,905	737,540	722,120
Natural Gas and Pipeline	195,659	179,122	176,881	161,338
Head Office and Other	347	71	83	67
Intersegment elimination	(737,075)	(745,653)	(623,971)	(623,573)
Total	1,169,384	929,291	905,173	745,133

	Company			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Exploration and Production	241,531	210,096	191,973	173,702
Refining and Chemicals	356,696	254,224	279,105	204,700
Marketing	329,770	311,975	272,608	270,750
Natural Gas and Pipeline	168,112	160,808	151,867	157,556
Head Office and Other	347	71	83	67
Intersegment elimination	(456,379)	(462,040)	(399,454)	(399,347)
Total	640,077	475,134	496,182	407,428

(c) Income and cost of sales from other operations

	Group			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Sale of materials	3,781	3,564	3,306	3,236
Other	23,416	24,785	20,566	21,824
Total	27,197	28,349	23,872	25,060

	Company			
	For the six months ended June 30, 2021		For the six months ended June 30, 2020	
	Income	Cost	Income	Cost
Sale of materials	3,184	2,873	3,006	2,902
Other	17,552	19,572	14,928	16,799
Total	20,736	22,445	17,934	19,701

(All amounts in RMB millions unless otherwise stated)

40 TAXES AND SURCHARGES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Consumption tax	73,356	73,377
Resource tax	11,016	9,393
City maintenance and construction tax	7,382	6,835
Educational surcharge	5,369	4,991
Urban and township land use tax	1,931	1,863
Crude oil special gain levy	197	178
Other	2,833	1,786
	102,084	98,423

41 SELLING EXPENSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Employee compensation costs	10,671	9,686
Depreciation, depletion and amortisation	7,346	7,496
Transportation expense	6,925	7,258
Lease, packing and warehouse storage expenses	1,575	1,627
Other	5,885	6,205
	32,402	32,272

42 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Employee compensation costs	14,507	12,145
Depreciation, depletion and amortisation	3,212	3,488
Repair expense	3,957	3,034
Lease, packing and warehouse storage expenses	330	435
Safety fund	2,339	3,069
Technology service expense	327	264
Other taxes	165	302
Other	1,585	2,398
	26,422	25,135

(All amounts in RMB millions unless otherwise stated)

43 RESEARCH AND DEVELOPMENT EXPENSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Employee compensation costs	2,815	2,443
Depreciation, depletion and amortisation	661	661
Fuel and material consumption	230	209
Other	4,582	3,462
	8,288	6,775

44 FINANCE EXPENSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Interest expenses	10,698	15,346
Include: Interest expenditure on lease liabilities	2,651	3,440
Less: Capitalised interest	(504)	(460)
Less: Interest income	(1,279)	(1,396)
Exchange losses	7,772	5,966
Less: Exchange gains	(7,807)	(6,409)
Other	330	458
	9,210	13,505

45 OTHER INCOME

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Refund of import value-added tax, relating to the import of natural gas	1,136	2,272
Refund of value-added tax, relating to the change from business tax to value-added tax	87	907
Other	1,286	904
	2,509	4,083

(All amounts in RMB millions unless otherwise stated)

46 INVESTMENT INCOME

	Group	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Gains on investments in other equity instruments	15	18
Share of profit of associates and joint ventures	7,433	570
Gains on disposal of associates and joint ventures	1	-
Gains on disposal of subsidiaries	18,617	393
Others	147	82
	26,213	1,063

	Company	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Gains on investments in other equity instruments	14	12
Share of profit of associates and joint ventures	5,539	1,392
Dividends declared by subsidiaries	7,996	16,337
Gains / (losses) on disposal of subsidiaries	216	(21)
Others	1	6
	13,766	17,726

47 CREDIT LOSSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Accounts receivable	257	359
Other receivables	-	(8)
Other	11	-
	268	351

(All amounts in RMB millions unless otherwise stated)

48 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Impairment losses for declines in the value of inventories	7	8,148
Impairment losses for fixed assets and oil and gas properties	288	3
Impairment losses for construction in progress	179	-
	474	8,151

49 GAINS FROM ASSET DISPOSALS

	For the six months ended June 30, 2021	For the six months ended June 30, 2020	Amount included in non-recurring profit/loss items for the six months ended June 30, 2021
Gains from disposal of fixed assets and oil and gas properties	238	25	238
Gains from disposal of intangible assets	54	52	54
Gains from disposal of other long-term assets	169	784	169
	461	861	461

50 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2021	For the six months ended June 30, 2020	Amount included in non-recurring profit/loss items for the six months ended June 30, 2021
Government grants	370	198	370
Other	537	1,262	537
	907	1,460	907

(b) Non-operating expenses

	For the six months ended June 30, 2021	For the six months ended June 30, 2020	Amount included in non-recurring profit/loss items for the six months ended June 30, 2021
Fines	35	7	35
Donation	84	184	84
Extraordinary loss	1	10	1
Other	2,748	29	2,748
	2,868	230	2,868

(All amounts in RMB millions unless otherwise stated)

51 TAXATION

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Income taxes	20,109	8,838
Deferred taxes	(910)	(4,034)
	19,199	4,804

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, 2021	For the six months ended June 30, 2020
Profit / (loss) before taxation	87,015	(18,523)
Tax calculated at a tax rate of 25%	21,754	(4,631)
Tax return true-up	(108)	(206)
Effect of income taxes from international operations different from taxes at the PRC statutory tax rate	2,058	1,092
Effect of preferential tax rate	(4,075)	2,090
Tax effect of income not subject to tax	(5,159)	(1,132)
Tax effect of expenses not deductible for tax purposes	4,836	5,448
Tax effect of temporary differences and losses unrecognised at deferred tax assets	(107)	2,143
Taxation	19,199	4,804

52 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2021 and June 30, 2020 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)

53 OTHER COMPREHENSIVE INCOME

Other comprehensive income attributable to equity holders of the Company	December 31, 2020	Addition	Reduction	June 30, 2021
Item that will not be reclassified to profit or loss				
Including: Changes in fair value of investments in other equity instruments	301	42	(41)	302
Items that may be reclassified to profit or loss				
Including: Other comprehensive income recognised under equity method	462	35	(104)	393
Translation differences arising from translation of foreign currency financial statements	(32,848)	1,464	(3,758)	(35,142)
Others	(43)	-	-	(43)
Total	(32,128)	1,541	(3,903)	(34,490)

54 SUPPLEMENT TO INCOME STATEMENT

Expenses are analysed by nature:

	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating income	1,196,581	929,045
Less: Changes in inventories of finished goods and work in progress	12,024	738
Raw materials and consumables used	(820,956)	(627,926)
Employee benefits expenses	(66,828)	(60,746)
Depreciation, depletion and amortisation expenses	(108,355)	(114,387)
Credit losses	(268)	(351)
Asset impairment losses	(474)	(8,151)
Lease expenses	(1,231)	(1,508)
Finance expenses	(9,210)	(13,505)
Other expenses	(112,307)	(122,962)
Operating profit / (loss)	88,976	(19,753)

(All amounts in RMB millions unless otherwise stated)

55 NOTES TO CONSOLIDATED AND COMPANY CASH FLOWS

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

	Group		Company	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Net profit / (loss)	67,816	(23,327)	34,205	(20,748)
Add: Asset impairment losses	474	8,151	36	1,967
Credit losses	268	351	28	139
Depreciation and depletion of fixed assets, oil and gas properties	98,381	104,959	65,850	66,298
Depreciation and depletion of right-of-use assets	5,403	5,730	2,227	3,499
Amortisation of intangible assets	2,499	2,448	2,110	1,992
Amortisation of long-term prepaid expenses	2,072	1,250	1,254	823
Gains on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(461)	(861)	(423)	(856)
Damage or scrapping of fixed assets and oil and gas properties	472	2,308	436	272
Capitalised exploratory costs charged to expense	5,169	4,730	4,816	4,717
Safety fund reserve	1,196	2,067	992	1,394
Finance expense	9,210	13,490	7,695	10,865
Investment income	(26,213)	(1,063)	(13,766)	(17,726)
Changes in deferred taxation	(910)	(4,034)	(788)	(5,639)
(Increase) / decrease in inventories	(40,030)	(1,530)	(17,798)	9,293
Increase in operating receivables	(23,070)	(6,319)	(1,949)	(2,611)
Increase / (decrease) in operating payables	13,758	(29,270)	(1,842)	(314)
Net cash flows from operating activities	116,034	79,080	83,083	53,365

(b) Net change in cash and cash equivalents

	Group		Company	
	For the six months ended June 30, 2021	For the six months ended June 30, 2020	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Cash at the end of the period	154,394	90,335	36,118	19,136
Less: Cash at the beginning of the period	(118,631)	(86,409)	(40,787)	(4,636)
Add: Cash equivalents at the end of the period	-	-	-	-
Less: Cash equivalents at the beginning of the period	-	-	-	-
Increase / (decrease) in cash and cash equivalents	35,763	3,926	(4,669)	14,500

(All amounts in RMB millions unless otherwise stated)

(c) Cash and cash equivalents

	Group		Company	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Cash at bank and on hand	188,033	145,950	38,118	42,787
Less: Time deposits with maturities over 3 months	(33,639)	(27,319)	(2,000)	(2,000)
Cash and cash equivalents at the end of the period	154,394	118,631	36,118	40,787

56 Leasing

The leases where the Group is a lessee

Right-of-use assets

	December 31,2020	Addition	Reduction	June 30,2021
Cost				
Land	101,849	1,711	(128)	103,432
Buildings	57,337	3,420	(1,147)	59,610
Equipment and Machinery	2,641	936	(58)	3,519
Other	2,195	68	(49)	2,214
Total	164,022	6,135	(1,382)	168,775
Accumulated depreciation				
Land	(6,967)	(1,838)	45	(8,760)
Buildings	(10,839)	(3,214)	696	(13,357)
Equipment and Machinery	(1,166)	(338)	27	(1,477)
Other	(712)	(31)	57	(686)
Total	(19,684)	(5,421)	825	(24,280)
Net book value				
Land	94,882			94,672
Buildings	46,498			46,253
Equipment and Machinery	1,475			2,042
Other	1,483			1,528
Total	144,338			144,495

The lease term of the Group's lease land use right ranges from two to thirty years. The lease underlying assets classified as buildings are mainly the leased gas filling station, oil storage and office building. The lease underlying assets classified as equipment and machinery are mainly drilling equipment, production equipment and other movable equipment.

Depreciation charged to profit or loss provided on right-of-use assets for the six months ended June 30, 2021 was RMB 5,403 (for the six months ended June 30, 2020: RMB 5,730).

(All amounts in RMB millions unless otherwise stated)

Lease liabilities

Item	30 June, 2021	31 December, 2020
Lease liabilities	130,432	129,223
Less: Lease liabilities due within one year (Note 29)	(6,071)	(6,579)
	124,361	122,644

Analysis of the undiscounted cash flow of the lease liability is as follows:

	June 30, 2021	31 December, 2020
Within one year	11,323	11,824
Between one to two years	10,525	10,236
Between two to five years	29,403	29,862
Over five years	153,118	153,967
	204,369	205,889

57 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 and 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.

(All amounts in RMB millions unless otherwise stated)

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

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2021 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	313,009	459,384	962,448	198,205	610	1,933,656
Less: Intersegment revenue	(259,957)	(295,281)	(172,460)	(9,347)	(30)	(737,075)
Revenue from external customers	53,052	164,103	789,988	188,858	580	1,196,581
Segment expenses (i)	(227,417)	(204,305)	(629,758)	(54,098)	(8,749)	(1,124,327)
Segment result	31,803	23,561	6,906	18,158	(8,174)	72,254
Unallocated expenses						16,722
Operating profit						88,976
Depreciation, depletion and amortisation	(84,123)	(11,559)	(8,736)	(3,157)	(780)	(108,355)
Asset impairment losses / (reversal)	463	39	(39)	11	-	474
Credit losses	7	24	187	49	1	268
Capital expenditures	54,078	16,639	1,099	1,806	261	73,883
June 30, 2021						
Segment assets	1,513,214	436,060	568,090	310,467	1,601,060	4,428,891
Other assets						22,756
Elimination of intersegment balances (ii)						(1,919,523)
Total assets						2,532,124
Segment liabilities	625,749	206,855	381,215	111,849	574,042	1,899,710
Other liabilities						62,536
Elimination of intersegment balances (ii)						(823,037)
Total liabilities						1,139,209

(All amounts in RMB millions unless otherwise stated)

(b) Segment information for the six months ended June 30, 2020 and as of December 31, 2020 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	255,450	369,811	749,203	179,341	469	1,554,274
Less: Intersegment revenue	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from external customers	42,829	111,013	612,767	162,056	380	929,045
Segment expenses (i)	(199,389)	(188,774)	(495,888)	(37,208)	(7,456)	(928,715)
Segment result	11,250	(9,902)	(8,364)	14,370	(7,024)	330
Unallocated expenses						(20,083)
Operating loss						(19,753)
Depreciation, depletion and amortisation	(81,810)	(11,819)	(8,661)	(11,262)	(835)	(114,387)
Asset impairment losses / (reversal)	4,201	203	3,754	(7)	-	8,151
Credit losses / (reversal)	19	(4)	197	139	-	351
Capital expenditures	54,366	6,418	6,491	7,279	207	74,761
December 31, 2020						
Segment assets	1,494,229	433,364	508,232	356,082	1,660,460	4,452,367
Other assets						17,361
Elimination of intersegment balances (ii)						(1,981,328)
Total assets						2,488,400
Segment liabilities	658,521	186,332	321,460	192,456	573,340	1,932,109
Other liabilities						80,114
Elimination of intersegment balances (ii)						(890,708)
Total liabilities						1,121,515

(i) Segment expenses include cost of sales, taxes and surcharges, selling expenses, general and administrative expenses, research and development expenses, and other income.

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

(2) Geographical information

Revenue from external customers	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Chinese Mainland	758,070	560,413
Other	438,511	368,632
	1,196,581	929,045

(All amounts in RMB millions unless otherwise stated)

Non-current assets (i)	June 30, 2021	December 31, 2020
Chinese Mainland	1,780,398	1,789,455
Other	182,026	190,785
	1,962,424	1,980,240

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

58 FINANCIAL RISK MANAGEMENT

1. Financial risk

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk.

(1) Market risk

Market risk is the possibility that changes in foreign exchange rates, interest rates and the prices of crude oil and gas products will adversely affect the value of assets, liabilities and expected future cash flows.

(a) Foreign exchange risk

The Group conducts its domestic business primarily in RMB, but maintains a portion of its assets in other currencies to pay for imported crude oil, natural gas, imported equipment and other materials and to meet foreign currency financial liabilities. The Group is exposed to currency risks arising from fluctuations in various foreign currency exchange rates against the RMB. The RMB is not a freely convertible currency and is regulated by the PRC government. Limitations on foreign exchange transactions imposed by the PRC government could cause future exchange rates to vary significantly from current or historical exchange rates.

Additionally, the Group operates internationally and foreign exchange risk arises from future acquisitions and commercial transactions, recognised assets and liabilities and net investments in foreign operations. Certain entities in the Group might use currency derivatives to manage such foreign exchange risk.

(b) Interest rate risk

The Group has no significant interest rate risk on interest-bearing assets. The Group's exposure to interest rate risk arises from its borrowings (including debentures payable). The Group's borrowings at floating rates expose the Group to cash flow interest rate risk and its borrowings at fixed rates expose the Group to fair value interest rate risk. However, the exposure to interest rate risk is not material to the Group. A detailed analysis of the Group's borrowings and debentures payable, together with their respective interest rates and maturity dates, is included in Note 30 and 31.

(c) Price risk

The Group is engaged in a wide range of oil and gas products-related activities. Prices of oil and gas products are affected by a wide range of global and domestic factors which are beyond the control of the Group. The fluctuations in such prices may have favourable or unfavourable impacts on the Group.

The Group uses derivative financial instruments, including commodity futures, commodity swaps and commodity options, to hedge some price risks efficiently.

(2) Credit risk

Credit risk arises from cash at bank and on hand and credit exposure to customers with outstanding receivable balances.

A substantial portion of the Group's cash at bank and on hand are placed with the major state-owned banks and financial institutions in China and management believes that the credit risk is low.

The Group performs ongoing assessment of the credit quality of its customers, and sets appropriate credit limits taking into account the financial position and past history of defaults of customers. The aging analysis of accounts receivable and related provision for bad debts are presented in Note 8.

The carrying amounts of cash at bank and on hand, accounts receivable, other receivables and receivables financing included in the consolidated balance sheet represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

In managing its liquidity risk, the Group has access to funding at market rates through equity and debt markets, including using undrawn committed borrowing facilities to meet foreseeable borrowing requirements.

Given the low level of gearing and continued access to funding, the Group believes that its liquidity risk is not material.

Analysis of the Group's long-term borrowings, debentures payable and lease liabilities based on the remaining period at the balance sheet date to the contractual maturity dates are presented in Note 30, 31 and 56.

(All amounts in RMB millions unless otherwise stated)

2. Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, optimise returns for equity holders and to minimise its cost of capital. In meeting its objectives of managing capital, the Group may issue new shares, adjust its debt levels or the mix between short-term and long-term borrowings.

The Group monitors capital on the basis of the gearing ratio which is calculated as interest-bearing borrowings/(interest-bearing borrowings + total equity), interest-bearing borrowings include short-term and long-term borrowings, debentures payable and ultra-short-term financing bond. The gearing ratio at June 30, 2021 is 21.6% (December 31, 2020: 21.3%).

3. Fair value estimation

The methods and assumptions applied in determining the fair value of each class of financial assets and financial liabilities of the Group at June 30, 2021 and December 31, 2020 are disclosed in the respective accounting policies.

The carrying amounts of the following financial assets and financial liabilities approximate their fair value as all of them are short-term in nature: cash at bank and on hand, accounts receivable, other receivables, notes payable, accounts payable, other payables and short-term borrowings. The fair values of fixed rate long-term borrowings are likely to be different from their respective carrying amounts. Analysis of the fair values and carrying amounts of long-term borrowings and debentures payable are presented in Note 30 and Note 31, respectively.

The investment in other equity instruments and receivables financing are measured at fair value at the balance sheet date. The fair value of the investment in other equity instruments is mainly categorised into level 1 of the fair value hierarchy which are based on the unadjusted quoted prices in active markets for identical assets or liabilities as inputs used in the valuation techniques. The fair value of the receivables financing is mainly categorised into level 3 of the fair value hierarchy, which are short-term bills of acceptance issued by banks, their fair value approximate the face value of the bill.

59 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Parent Company

(a) General information of parent company

CNPC, the immediate parent of the Company, is a limited liability company directly controlled by the PRC government.

	Type of Legal Entity	Place of incorporation	Legal representative	Principal activities
China National Petroleum Corporation	Limited liability company (wholly state-owned)	PRC	Dai Houliang	Oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, construction and technical services and petroleum equipment manufacturing etc.

(All amounts in RMB millions unless otherwise stated)

(b) Equity interest and voting rights of parent company

	June 30, 2021		December 31, 2020	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	80.41	80.41	80.41	80.41

(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
PipeChina	Associate
CP Finance	Associate
CNPC Captive Insurance Co., Ltd.	Associate
China National Aviation Fuel Group Limited	Associate
China Marine Bunker (PetroChina) Co., Ltd.	Joint venture
Mangistau Investment B.V.	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 Co., Ltd.	Fellow subsidiary of CNPC
Liaohe Petroleum Exploration Bureau Co., Ltd.	Fellow subsidiary of CNPC
China Petroleum Pipeline Bureau Co., Ltd.	Fellow subsidiary of CNPC
CNPC Transportation Co., Ltd.	Fellow subsidiary of CNPC
CNPC Material Company Co., Ltd.	Fellow subsidiary of CNPC
China National Oil International Exploration and Development Co., Ltd.	Fellow subsidiary of CNPC
China National United Oil Corporation 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 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 24, 2017 for a period of three years which took effect on January 1, 2018. The new Comprehensive Products and Services Agreement includes all the terms of the existing Comprehensive Products and Services Agreement. 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 27, 2020 for a period of three years which took effect on January 1, 2021. The new Comprehensive Products and Services Agreement has already incorporated the terms of the current Comprehensive Products and Services Agreement which amended in 2017.

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 Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing On August 24, 2017, and adjusted area and fee of leasing land. The Company agreed to lease an aggregate area of approximately 1,773 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 (exclusive of tax and government charges) of land was adjusted to no more than RMB 5,783. 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 was effective since January 1, 2018. The Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract on August 27, 2020, 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 1,142 million square metres with annual rental payable (exclusive of tax and government charges) adjusted to no more than RMB 5,673 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, 2021.

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. On August 24, 2017, the Company and CNPC entered into a New Buildings Leasing Contract which took effect on January 1, 2018. The Revised Buildings Leasing Contract was terminated on the effective date of the New Buildings Leasing Contract. Under this contract, buildings covering an aggregate area of 1,152,968 square meters were leased at rental payable approximately RMB 730. The New Building Leasing Contract will expire at December 31, 2037. On August 27, 2020, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC each issued a contract which took effect on January 1, 2021. Under this contract, buildings covering an aggregate area of 1,287,486 square meters were leased at annual rental payable approximately RMB 713. 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.

(All amounts in RMB millions unless otherwise stated)

	Notes	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	34,845	32,839
Purchase of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	49,696	39,579
Fees for production services	(3)	54,769	47,944
Social services charges	(4)	700	578
Ancillary services charges	(5)	506	419
Material supply services	(6)	4,356	4,625
Financial services			
Interest income	(7)	67	130
Interest expense	(8)	1,923	3,906
Other financial services expense	(9)	1,132	707
Rental and other expenses paid to CNPC and its subsidiaries	(10)	3,123	4,158
Purchases of assets from CNPC and its subsidiaries	(11)	182	430

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 equipment, supply of water, electricity and gas, provision of services such as communication, transportation, firefighting, 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 mainly comprise 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 its fellow subsidiaries as of June 30, 2021 were RMB 44,449 (December 31, 2020: RMB 40,377).

(8) The loans from CNPC and its fellow subsidiaries including long-term borrowings, long-term borrowings due within one year and short-term borrowings as of June 30, 2021 were RMB 92,427 (December 31, 2020: RMB 96,298).

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

(10) Rental and other expenses paid to CNPC and its subsidiaries refer to: 1) Rental was calculated and paid in accordance with the Building and Land Use Rights leasing contract between the Group and CNPC. 2) Rents and other payments (including all rents, leasing service fees and prices for exercising purchase options) were paid according to other lease agreements entered in to by the Group and CNPC and its fellow subsidiaries.

(11) 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, 2021	For the six months ended June 30, 2020
Sales of goods		
- Crude Oil	5,264	2,631
- Refined products	13,402	10,971
- Chemical products	301	585
- Natural Gas	2,459	-
Sales of services	25	23
Purchases of goods	12,382	11,406
Purchases of services	34,520	895

(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, 2021, the eliminated commissioned loans include the loans provided by the Company to its subsidiaries amounted to RMB 168 (December 31, 2020: RMB 655) and the loans provided to the Company by its subsidiaries amounted to RMB 16,817 (December 31, 2020:RMB 19,185).

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans and debentures for the Group, see Note 29, Note 30 and Note 31.

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2021	December 31, 2020
CNPC and its subsidiaries		
Accounts receivable	5,365	7,814
Advances to suppliers	13,814	11,497
Other receivables	5,533	4,380
Other non-current assets	14,633	8,670
Associates and joint ventures		
Accounts receivable	1,427	842
Advances to suppliers	7	314
Other receivables	816	7,926
Other current assets	11,466	10,946
Other non-current assets	5,137	6,581

As of June 30, 2021, the provisions for bad debts of the receivables from related parties amounted to RMB 537 (December 31, 2020: RMB 5).

As of June 30, 2021, the receivables from related parties represented 33% (December 31, 2020: 42%) of total receivables.

(b) Payables to related parties

	June 30, 2021	December 31, 2020
CNPC and its subsidiaries		
Notes payable	457	992
Accounts payable	41,761	48,967
Other payables	24,573	11,159
Contract liabilities	590	2,671
Lease liabilities (including lease liabilities due within one year)	101,728	99,725
Associates and joint ventures		
Accounts payable	5,020	2,930
Other payables	151	3,214
Contract liabilities	19	21

As of June 30, 2021, the payables to related parties represented 32% (December 31, 2020: 33%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2021 RMB'000	For the six months ended June 30, 2020 RMB'000
Key management personnel compensation	4,507	4,429

60 CONTINGENT LIABILITIES

(1) Bank and other guarantees

As of June 30, 2021 and December 31, 2020, the Group did not guarantee related parties or third parties any significant borrowings or others.

(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

During the reporting period, the Group has complied with domestic and overseas laws and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding of the Group, 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.

61 COMMITMENTS

(1) Capital commitments

As of June 30, 2021, the Group's capital commitments contracted but not provided for were RMB 398 (December 31, 2020: RMB 714).

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

(2) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. Payments incurred were RMB 64 for the six months ended June 30, 2021 (six months ended June 30, 2020: nil).

Pursuant to the prevailing policies, estimated annual payments for the next five years are as follows:

	June 30, 2021
Within one year	500
Between one and two years	500
Between two and three years	500
Between three and four years	500
Between four and five years	500

PETROCHINA COMPANY LIMITED
SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021
(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, 2021	For the six months ended June 30, 2020
Net losses on disposal of non-current assets	(11)	(1,447)
Government grants recognised in the income statement	370	198
Reversal of provisions for bad debts against receivables	18	16
Net gains arising from the disposal of the subsidiaries	18,617	393
Other non-operating income and expenses	(1,858)	3,340
	17,136	2,500
Tax impact of non-recurring profit/loss items	(1,839)	(685)
Impact of non-controlling interests	(7,492)	(11)
Total	7,805	1,804

2 SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

The consolidated net profit for the six months under IFRS and CAS were RMB 67,817 and RMB 67,816 respectively, with a difference of RMB 1; the consolidated shareholders' equity as of June 30, 2021 under IFRS and CAS were RMB 1,392,652 and RMB 1,392,915 respectively, with a difference of RMB 263. 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, 2021 and June 30, 2020

(All amounts in RMB millions unless otherwise stated)

	Notes	Six months ended June 30	
		2021	2020
		RMB	RMB
REVENUE	4	1,196,581	929,045
OPERATING EXPENSES			
Purchases, services and other		(808,932)	(627,188)
Employee compensation costs		(66,828)	(60,746)
Exploration expenses, including exploratory dry holes		(11,141)	(10,569)
Depreciation, depletion and amortisation		(108,355)	(114,388)
Selling, general and administrative expenses		(30,326)	(29,883)
Taxes other than income taxes	5	(102,411)	(98,931)
Other income net		19,875	6,617
TOTAL OPERATING EXPENSES		(1,108,118)	(935,088)
PROFIT / (LOSS) FROM OPERATIONS		88,463	(6,043)
FINANCE COSTS			
Exchange gain		7,807	6,409
Exchange loss		(7,772)	(5,966)
Interest income		1,279	1,396
Interest expense		(10,194)	(14,886)
TOTAL NET FINANCE COSTS		(8,880)	(13,047)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		7,433	570
PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE	6	87,016	(18,520)
INCOME TAX EXPENSE	7	(19,199)	(4,804)
PROFIT / (LOSS) FOR THE PERIOD		67,817	(23,324)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss			
Fair value changes in equity investment measured at fair value through other comprehensive income		15	(64)
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		(3,128)	(444)
Share of the other comprehensive income of associates and joint ventures accounted for using the equity method		(69)	75
OTHER COMPREHENSIVE INCOME, NET OF TAX		(3,182)	(433)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		64,635	(23,757)
PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		53,037	(29,983)
Non-controlling interests		14,780	6,659
		67,817	(23,324)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		50,675	(31,297)
Non-controlling interests		13,960	7,540
		64,635	(23,757)
BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	8	0.290	(0.164)

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, 2021 and December 31, 2020

(All amounts in RMB millions unless otherwise stated)

	Notes	June 30, 2021	December 31, 2020
		RMB	RMB
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,418,990	1,452,091
Investments in associates and joint ventures		257,500	250,603
Equity investments measured at fair value through other comprehensive income		909	902
Right-of-use assets		208,840	209,786
Intangible and other non-current assets		74,879	67,494
Deferred tax assets		13,599	11,364
Time deposits with maturities over one year		10,049	9,119
TOTAL NON-CURRENT ASSETS		1,984,766	2,001,359
CURRENT ASSETS			
Inventories	11	168,562	128,539
Accounts receivable	12	73,280	52,325
Prepayments and other current assets		111,500	109,262
Notes receivable		5,710	8,076
Time deposits with maturities over three months but within one year		33,639	27,319
Cash and cash equivalents		154,394	118,631
Assets held for sale		-	42,615
TOTAL CURRENT ASSETS		547,085	486,767
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	13	348,041	316,140
Contract liabilities		88,467	91,477
Income taxes payable		5,727	3,730
Other taxes payable		39,361	59,994
Short-term borrowings	14	114,974	117,542
Lease liabilities		6,071	6,579
Liabilities directly associated with the assets held for sale		-	9,956
TOTAL CURRENT LIABILITIES		602,641	605,418
NET CURRENT LIABILITIES		(55,556)	(118,651)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,929,210	1,882,708
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		764,992	727,955
Reserves		303,452	304,182
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,251,465	1,215,158
NON-CONTROLLING INTERESTS		141,187	151,463
TOTAL EQUITY		1,392,652	1,366,621
NON-CURRENT LIABILITIES			
Long-term borrowings	14	267,758	251,379
Asset retirement obligations		117,627	114,819
Lease liabilities		124,361	122,644
Deferred tax liabilities		17,438	16,380
Other long-term obligations		9,374	10,865
TOTAL NON-CURRENT LIABILITIES		536,558	516,087
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,929,210	1,882,708

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, 2021 and June 30, 2020

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2021	2020
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) for the period	67,817	(23,324)
Adjustments for:		
Income tax expense	19,199	4,804
Depreciation, depletion and amortisation	108,355	114,388
Capitalised exploratory costs charged to expense	5,169	4,730
Safety fund reserve	1,196	2,067
Share of profit of associates and joint ventures	(7,433)	(570)
Accrual of provision for impairment of receivables, net	268	351
Write down in inventories, net	7	8,148
Impairment of other non-current assets	467	-
Loss on disposal and scrap of property, plant and equipment	249	2,283
Gain on disposal and scrap of other non-current assets	(238)	(836)
Gain on disposal of subsidiaries	(18,617)	(393)
Dividend income	(15)	(18)
Interest income	(1,279)	(1,396)
Interest expense	10,194	14,886
Changes in working capital:		
Accounts receivable, prepayments and other current assets	(23,070)	(6,319)
Inventories	(40,030)	(1,530)
Accounts payable and accrued liabilities	18,077	(31,850)
Contract liabilities	(3,010)	9,886
CASH FLOWS GENERATED FROM OPERATIONS	137,306	95,307
Income taxes paid	(21,272)	(16,227)
NET CASH FLOWS FROM OPERATING ACTIVITIES	116,034	79,080

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, 2021 and June 30, 2020

(All amounts in RMB millions unless otherwise stated)

	Six months ended June 30	
	2021	2020
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(111,369)	(105,398)
Acquisition of investments in associates and joint ventures	(387)	(1,411)
Prepayments on long-term leases	(74)	(1,619)
Acquisition of intangible assets and other non-current assets	(281)	(2,242)
Acquisition of subsidiaries	-	(76)
Proceeds from disposal of property, plant and equipment	760	123
Proceeds from disposal of other non-current assets	335	85
Proceeds from disposal of investments and investments in associates	33,457	-
Interest received	1,050	1,167
Dividends received	8,957	1,166
Increase in time deposits with maturities over three months	(7,250)	(2,571)
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(74,802)	(110,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(377,257)	(418,212)
Repayments of long-term borrowings	(37,803)	(97,604)
Repayments of lease liabilities	(5,970)	(6,970)
Interest paid	(8,444)	(10,125)
Dividends paid to non-controlling interests	(3,778)	(7,768)
Dividends paid to owners of the Company	(1,308)	(1,071)
Cash paid to acquire non-controlling interests	-	(2)
Increase in short-term borrowings	346,861	432,515
Increase in long-term borrowings	83,141	143,723
Cash contribution from non-controlling interests	4	143
NET CASH FLOWS (USED FOR) / FROM FINANCING ACTIVITIES	(4,554)	34,629
TRANSLATION OF FOREIGN CURRENCY	(915)	993
Increase in cash and cash equivalents	35,763	3,926
Cash and cash equivalents at beginning of the period	118,631	86,409
Cash and cash equivalents at end of the period	154,394	90,335

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, 2021 and June 30, 2020

(All amounts in RMB millions unless otherwise stated)

	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, 2020	183,021	743,124	304,011	1,230,156	214,149	1,444,305
(Loss) / profit for the six months ended June 30, 2020	-	(29,983)	-	(29,983)	6,659	(23,324)
Other comprehensive income for the six months ended June 30, 2020	-	-	(1,314)	(1,314)	881	(433)
Special reserve-safety fund reserve	-	-	1,926	1,926	141	2,067
Dividends	-	(12,081)	-	(12,081)	(10,481)	(22,562)
Transaction with non-controlling interests in subsidiaries	-	-	-	-	(2)	(2)
Capital contribution from non-controlling interests	-	-	-	-	143	143
Disposal of subsidiaries	-	-	1	1	(62)	(61)
Other	-	(8)	50	42	220	262
Balance at June 30, 2020	183,021	701,052	304,674	1,188,747	211,648	1,400,395
Balance at January 1, 2021	183,021	727,955	304,182	1,215,158	151,463	1,366,621
Profit for the six months ended June 30, 2021	-	53,037	-	53,037	14,780	67,817
Other comprehensive income for the six months ended June 30, 2021	-	-	(2,362)	(2,362)	(820)	(3,182)
Special reserve-safety fund reserve	-	-	1,129	1,129	67	1,196
Dividends	-	(16,000)	-	(16,000)	(13,315)	(29,315)
Capital contribution from non-controlling interests	-	-	-	-	901	901
Disposal of subsidiaries	-	-	-	-	(12,270)	(12,270)
Other	-	-	503	503	381	884
Balance at June 30, 2021	183,021	764,992	303,452	1,251,465	141,187	1,392,652

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 中國石油天然氣集團公司 (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. 中國石油天然氣集團公司 was renamed 中國石油天然氣集團有限公司 (CNPC before and after the change of name) on December 19, 2017. 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").

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new or amended standards. 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, 2020, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements, 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, 2021 and for the six months ended June 30, 2021 and June 30, 2020 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, 2021 are not necessarily indicative of the results of operations expected for the year ending December 31, 2021.

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:

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

(a) Estimation of oil and gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also important elements in testing for impairment. Changes in proved oil and 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 oil and gas reserves 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, natural gas refined and chemical products, the operation costs, the product mix, production volumes, production profile and the oil and gas reserves. 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, may allow the Group to avoid the need to impair any assets or make it necessary to reverse an impairment loss recognised in prior periods, whereas unfavourable changes may cause the assets to become impaired. For example, when the assumed future price and production profile of crude oil used for the expected future cash flows are different from the actual price and production profile of crude oil respectively experienced in future, the Group may either over or under recognise the impairment losses for certain assets.

(c) Estimation of impairment of goodwill

The recoverable amount cash-generating unit containing goodwill is the greater of its value in use and the fair value less costs to sell. It is difficult to precisely estimate selling price of the Group's long-lived assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to forecast sales volume, selling price and operating costs, and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions. Changes to key assumptions can significantly affect the result of the impairment assessment of goodwill.

(d) 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.

(e) Deferred tax assets

According to the requirements of the competent tax authority, the Company paid income taxes of its branches in the Eastern and Western China Regions in aggregate. The tax losses recorded by the branches in the Eastern China Region has given rise to deferred tax assets, which are expected to be recoverable from future taxable profits generated by the branches in the Eastern China Region. Any policy adjustments may increase or decrease the amount of income tax expenses of the Company.

(All amounts in RMB millions unless otherwise stated)

4 REVENUE

Revenue represents revenues from the sale of crude oil, natural gas, refined products and chemical products and from the transmission of crude oil, refined products and natural gas. The revenue information for the period ended June 30, 2021 and 2020 are as follows:

For the six months ended June 30, 2021 Type of Contract	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of goods and services						
Crude oil	199,754	-	330,181	-	-	529,935
Natural gas	65,962	-	114,837	180,603	-	361,402
Refined products	-	363,646	482,180	-	-	845,826
Chemical products	-	92,483	21,013	-	-	113,496
Pipeline transportation business	-	-	-	3,436	-	3,436
Non-oil sales in gas stations	-	-	13,430	-	-	13,430
Others	47,189	3,174	596	14,116	604	65,679
Intersegment elimination	(259,957)	(295,281)	(172,460)	(9,347)	(30)	(737,075)
Revenue from contracts with customers	52,948	164,022	789,777	188,808	574	1,196,129
Other revenue						452
Total						1,196,581
Geographical Region						
Chinese mainland	29,740	164,022	374,477	188,808	574	757,621
Others	23,208	-	415,300	-	-	438,508
Revenue from contracts with customers	52,948	164,022	789,777	188,808	574	1,196,129
Other revenue						452
Total						1,196,581

Contract revenue primarily represents revenue from the sales of crude oil, natural gas, refined petroleum products and chemical products, which are mainly recognised at a point in time.

PETROCHINA COMPANY LIMITED
NOTES TO THE UNAUDITED CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
For the six months ended June 30, 2021
(All amounts in RMB millions unless otherwise stated)

For the six months ended June 30, 2020 Type of Contract	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Type of goods and services						
Crude oil	158,463	-	231,701	-	-	390,164
Natural gas	60,737	-	90,813	136,071	-	287,621
Refined products	-	298,095	402,271	-	-	700,366
Chemical products	-	68,712	12,750	-	-	81,462
Pipeline transportation business	-	-	-	33,462	-	33,462
Non-oil sales in gas stations	-	-	11,151	-	-	11,151
Others	36,162	2,936	443	9,564	456	49,561
Intersegment elimination	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from contracts with customers	42,741	110,945	612,693	161,812	367	928,558
Other revenue						487
Total						929,045
Geographical Region						
Chinese mainland	13,050	110,945	273,758	161,812	367	559,932
Others	29,691	-	338,935	-	-	368,626
Revenue from contracts with customers	42,741	110,945	612,693	161,812	367	928,558
Other revenue						487
Total						929,045

5 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2021	2020
	RMB	RMB
Consumption tax	73,356	73,377
Resource tax	11,016	9,393
Urban and township land use tax	1,931	1,863
Crude oil special gain levy	197	178
Other	15,911	14,120
	102,411	98,931

(All amounts in RMB millions unless otherwise stated)

6 PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2021	2020
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from equity investment measured at fair value through other comprehensive income	15	18
Reversal of provision for impairment of receivables	18	16
Reversal of write down in inventories	60	39
Gain on disposal of investment in subsidiaries	18,617	393
Charged		
Amortisation of intangible and other assets	2,902	2,342
Depreciation and impairment losses:		
Owned property, plant and equipment	98,847	104,962
Right-of-use assets	6,606	7,084
Cost of inventories recognised as expense	946,499	759,624
Provision for impairment of receivables	286	367
Interest expense (i)	10,194	14,886
Loss on disposal of property, plant and equipment	249	2,283
Variable lease payments, low-value and short-term lease payment not included in the measurement of lease liabilities	1,231	1,508
Research and development expenses	8,288	6,775
Write down in inventories	67	8,187
(i) Interest expense		
Interest expense	10,698	15,346
Include: Interest on lease liabilities	2,651	3,440
Less: Amount capitalised	(504)	(460)
	10,194	14,886

7 INCOME TAX EXPENSE

	Six months ended June 30	
	2021	2020
	RMB	RMB
Current taxes	20,109	8,838
Deferred taxes	(910)	(4,034)
	19,199	4,804

(All amounts in RMB millions unless otherwise stated)

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. In accordance with the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the SAT on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No.58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%. On April 23, 2020, the MOF, the SAT and the NDRC issued the Notice on Continuing the Income Tax Policy for Western Development (Notice No.23 of 2020 of the MOF, the SAT, the NDRC), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2021 to December 31, 2030.

8 BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2021 and June 30, 2020 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	
	2021	2020
	RMB	RMB
Interim dividends attributable to owners of the Company for 2021 (a)	23,866	-
Interim dividends attributable to owners of the Company for 2020 (c)	-	16,000

(a) As authorised by shareholders in the Annual General Meeting on June 10, 2021, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2021 of RMB 0.13040 yuan per share amounting to a total of RMB 23,866 on August 25, 2021. The dividends were not paid by the end of the reporting period, and were not recognised as liability at the end of the reporting period, as they were declared after the date of the statement of financial position.

(b) Final dividends attributable to owners of the Company in respect of 2020 of RMB 0.08742 yuan per share amounting to a total of RMB 16,000 were approved by the shareholders in the Annual General Meeting on June 10, 2021, and were paid on or before July 30, 2021.

(c) Interim dividends attributable to owners of the Company in respect of 2020 of RMB 0.08742 yuan per share amounted to a total of RMB 16,000, and were paid on or before November 13, 2020.

(d) Final dividends attributable to owners of the Company in respect of 2019 of RMB 0.06601 yuan per share amounting to a total of RMB 12,081 and were approved by the shareholders in the Annual General Meeting on June 11, 2020, and were paid on or before July 31, 2020.

(All amounts in RMB millions unless otherwise stated)

10 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2021	3,648,030
Additions	72,736
Disposals or write offs	(10,558)
Currency translation differences	(1,817)
At June 30, 2021	3,708,391
Accumulated depreciation and impairment	
At January 1, 2021	(2,195,939)
Charge for the period and others	(98,594)
Disposals or write offs	3,347
Currency translation differences	1,785
At June 30, 2021	(2,289,401)
Net book value	
At June 30, 2021	1,418,990

	RMB
Cost	
At January 1, 2020	3,985,598
Additions	84,839
Disposals or write offs	(18,910)
Currency translation differences	(1,219)
At June 30, 2020	4,050,308
Accumulated depreciation and impairment	
At January 1, 2020	(2,202,374)
Charge for the period and others	(110,785)
Disposals or write offs	7,455
Currency translation differences	1,038
At June 30, 2020	(2,304,666)
Net book value	
At June 30, 2020	1,745,642

(All amounts in RMB millions unless otherwise stated)

11 INVENTORIES

	June 30, 2021	December 31, 2020
	RMB	RMB
Crude oil and other raw materials	63,753	35,855
Work in progress	13,848	12,387
Finished goods	91,255	80,739
Spare parts and consumables	84	75
	168,940	129,056
Less: Write down in inventories	(378)	(517)
	168,562	128,539

12 ACCOUNTS RECEIVABLE

	June 30, 2021	December 31, 2020
	RMB	RMB
Accounts receivable	74,704	53,465
Less: Provision for impairment of accounts receivable	(1,424)	(1,140)
	73,280	52,325

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, 2021 and December 31, 2020 is as follows:

	June 30, 2021	December 31, 2020
	RMB	RMB
Within 1 year	72,349	51,641
Between 1 and 2 years	537	374
Between 2 and 3 years	221	209
Over 3 years	173	101
	73,280	52,325

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

(All amounts in RMB millions unless otherwise stated)

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

	Six months ended June 30	
	2021	2020
	RMB	RMB
At beginning of the period	1,140	2,431
Provision for impairment of accounts receivable	274	367
Receivables written off as uncollectible	-	(1)
Reversal of provision for impairment of accounts receivable	(17)	(8)
Other	27	-
At end of the period	1,424	2,789

13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
	RMB	RMB
Trade payables	137,141	113,119
Salaries and welfare payable	12,567	8,649
Dividends payable	25,181	952
Interests payable	1,630	4,034
Construction fee and equipment cost payables	78,376	107,199
Other (i)	93,146	82,187
	348,041	316,140

(i) Other consists primarily of notes payables, insurance payable, etc.

The aging analysis of trade payables as of June 30, 2021 and December 31, 2020 is as follows:

	June 30, 2021	December 31, 2020
	RMB	RMB
Within 1 year	128,921	104,812
Between 1 and 2 years	1,703	1,696
Between 2 and 3 years	1,313	2,342
Over 3 years	5,204	4,269
	137,141	113,119

(All amounts in RMB millions unless otherwise stated)

14 BORROWINGS

	June 30, 2021	December 31, 2020
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	82,195	42,354
Current portion of long-term borrowings	32,779	75,188
	114,974	117,542
Long-term borrowings	267,758	251,379
	382,732	368,921

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2021	368,921
Increase in borrowings	430,002
Decrease in borrowings	(415,060)
Currency translation differences	(1,131)
Balance at June 30, 2021	382,732

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, 2021	December 31, 2020
	RMB	RMB
Within 1 year	121,681	124,777
Between 1 and 2 years	37,330	53,526
Between 2 and 5 years	218,749	188,012
After 5 years	31,630	27,894
	409,390	394,209

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 and 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".

(All amounts in RMB millions unless otherwise stated)

The segment information for the operating segments for the six months ended June 30, 2021 and 2020 is as follows:

Six months ended June 30, 2021	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	313,009	459,384	962,448	198,205	610	1,933,656
Less: intersegment sales	(259,957)	(295,281)	(172,460)	(9,347)	(30)	(737,075)
Revenue from external customers	53,052	164,103	789,988	188,858	580	1,196,581
Depreciation, depletion and amortisation	(84,123)	(11,559)	(8,736)	(3,157)	(780)	(108,355)
Profit / (loss) from operations	30,870	22,185	6,640	36,888	(8,120)	88,463
Finance costs:						
Exchange gain						7,807
Exchange loss						(7,772)
Interest income						1,279
Interest expense						(10,194)
Total net finance costs						(8,880)
Share of profit of associates and joint ventures	1,775	31	851	3,647	1,129	7,433
Profit before income tax expense						87,016
Income tax expense						(19,199)
Profit for the period						67,817
Capital expenditures	54,078	16,639	1,099	1,806	261	73,883
June 30, 2021						
Segment assets	1,469,902	434,693	548,913	145,918	1,571,691	4,171,117
Other assets						22,756
Investments in associates and joint ventures	43,099	1,314	19,168	164,549	29,370	257,500
Elimination of intersegment balances (a)						(1,919,522)
Total assets						2,531,851
Segment liabilities	625,749	206,855	381,215	111,849	574,042	1,899,710
Other liabilities						62,526
Elimination of intersegment balances (a)						(823,037)
Total liabilities						1,139,199

(All amounts in RMB millions unless otherwise stated)

Six months ended June 30, 2020	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Revenue	255,450	369,811	749,203	179,341	469	1,554,274
Less: intersegment sales	(212,621)	(258,798)	(136,436)	(17,285)	(89)	(625,229)
Revenue from external customers	42,829	111,013	612,767	162,056	380	929,045
Depreciation, depletion and amortisation	(81,813)	(11,813)	(8,664)	(11,263)	(835)	(114,388)
Profit / (loss) from operations	10,351	(10,540)	(12,892)	14,372	(7,334)	(6,043)
Finance costs:						
Exchange gain						6,409
Exchange loss						(5,966)
Interest income						1,396
Interest expense						(14,886)
Total net finance costs						(13,047)
Share of (loss) / profit of associates and joint ventures	(103)	32	(956)	236	1,361	570
Loss before income tax expense						(18,520)
Income tax expense						(4,804)
Loss for the period						(23,324)
Capital expenditures	54,366	6,418	6,491	7,279	207	74,761
December 31, 2020						
Segment assets	1,452,554	432,022	489,984	195,353	1,631,577	4,201,490
Other assets						17,361
Investments in associates and joint ventures	41,461	1,289	18,239	160,730	28,884	250,603
Elimination of intersegment balances (a)						(1,981,328)
Total assets						2,488,126
Segment liabilities	658,521	186,332	321,460	192,456	573,340	1,932,109
Other liabilities						80,104
Elimination of intersegment balances (a)						(890,708)
Total liabilities						1,121,505

(All amounts in RMB millions unless otherwise stated)

Geographical information

	Revenue		Non-current assets (b)	
	Six months ended June 30, 2021	Six months ended June 30, 2020	June 30, 2021	December 31, 2020
	RMB	RMB	RMB	RMB
Chinese Mainland	758,070	560,413	1,780,133	1,789,349
Other	438,511	368,632	182,026	190,625
	1,196,581	929,045	1,962,159	1,979,974

(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, 2021 and December 31, 2020, the Group did not guarantee related parties or third parties any significant 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 consolidated interim condensed financial statements, which may have a material adverse effect on the financial position of the Group.

(c) Legal contingencies

During the reporting period, the Group has complied with domestic and overseas laws and regulatory requirements. Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding of the Group, 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.

(All amounts in RMB millions unless otherwise stated)

17 COMMITMENTS

(a) Capital commitments

At June 30, 2021, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB 398 (December 31, 2020: RMB 714).

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

(b) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Natural Resources. Payments incurred were RMB 64 for the six months ended June 30, 2021 (six months ended June 30, 2020: nil).

According to the current policy, estimated annual payments for the next five years are as follows:

	June 30, 2021	June 30, 2020
	RMB	RMB
Within one year	500	800
Between one and two years	500	800
Between two and three years	500	800
Between three and four years	500	800
Between four and five years	500	800

18 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a limited liability company directly controlled by the PRC government.

Related parties include CNPC and its fellow subsidiaries, 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 24, 2017 for a period of three years which took effect on January 1, 2018. The new Comprehensive Products and Services Agreement has already incorporated the terms of the current Comprehensive Products and previous Services Agreement. 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 27, 2020 for a period of three years which took effect on January 1, 2021. The new Comprehensive Products and Services Agreement has already incorporated the terms of the current Comprehensive Products and Services Agreement which amended in 2017.

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 Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract on August 24, 2017, 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 1,773 million square metres with annual rental payable (exclusive of tax and government charges) adjusted to no more than RMB 5,783 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, 2018. The Company and CNPC each issued a confirmation letter to the Land Use Rights Leasing Contract on August 27, 2020, 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 1,142 million square metres with annual rental payable (exclusive of tax and government charges) adjusted to no more than RMB 5,673 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, 2021.

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. On August 24, 2017, 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 on January 1, 2018. Under this contract, buildings covering an aggregate area of 1,152,968 square meters were leased at annual rental payable approximately RMB 730. The Revised Building Leasing Contract will expire at December 31, 2037. On August 27, 2020, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC each issued a contract which took effect on January 1, 2021. Under this contract, buildings covering an aggregate area of 1,287,486 square meters were leased at annual rental payable approximately RMB 713. 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.

- 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 53,259 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 44,360).

- 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 3,037 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 2,689).

- 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 156,929 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 105,446).

(All amounts in RMB millions unless otherwise stated)

- 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 182 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 430).

- Interest income represents interest from deposits placed with CNPC and its fellow subsidiaries. The total interest income amounted to RMB 67 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 130). The balance of deposits at June 30, 2021 was RMB 44,449 (December 31, 2020: RMB 40,377).

- Purchases of financial service principally represents interest charged on the loans from CNPC and its fellow subsidiaries, insurance fee charged on the insurance services from CNPC and its fellow subsidiaries, etc. The total amount of these transactions amounted to RMB 3,055 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 4,613).

- The borrowings from CNPC and its fellow subsidiaries at 30 June, 2021 were RMB 92,427 (December 31, 2020: RMB 96,298).

- Rents and other payments paid to CNPC and its fellow subsidiaries represent (1) the rental expense paid by the Group according to Land Use Rights Leasing Contract and Buildings Leasing Contract between the Group and CNPC; (2) the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the leasing agreements entered into by the Group and CNPC and its fellow subsidiaries. The total rents and other payments amounted to RMB 3,123 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB 4,158).

- 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, 2021	December 31, 2020
	RMB	RMB
Accounts receivable	6,792	8,651
Prepayments and other receivables	20,170	24,117
Other current assets	11,466	10,946
Other non-current assets	19,770	15,251
Accounts payable and accrued liabilities	71,962	67,262
Contract liabilities	609	2,692
Lease liabilities	101,728	99,725

(b) Key management compensation

	Six months ended June 30	
	2021	2020
	RMB'000	RMB'000
Emoluments and other benefits	3,804	3,799
Contribution to retirement benefit scheme	703	630
	4,507	4,429

(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 are 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.

APPENDIX II

REPRODUCTION OF THE PRESS RELEASE DATED 3 AUGUST 2021 CONTAINING THE GUARANTOR’S CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

The information set out below is a reproduction of the press release dated 3 August 2021 containing the Guarantor’s consolidated financial results for the second quarter ended 30 June 2021.

SOCIETE GENERALE

RESULTS AT JUNE 30TH 2021

Press release
Paris, August 3rd 2021

EXCELLENT PERFORMANCE IN ALL THE BUSINESSES IN Q2 21 AND H1 21

In Q2 21, revenues up +18.2% vs. Q2 20 (+20.5%*), with a strong quarter in Global Banking & Investor Solutions, substantial growth in Financial Services and a rebound in Retail Banking

Strong positive jaws effect in all the businesses

Underlying gross operating income of EUR 2 billion(1), up 55%(1) vs. Q2 20

Low cost of risk at 11 basis points in Q2 21; continued prudent approach in terms of provisioning

Underlying Group net income of EUR 1.35 billion(1), reported Group net income (including IFRIC 21 charges and exceptional items) of EUR 1.44 billion in Q2 21

Profitability (ROTE) at 10.4%(1) and 11.2% in Q2 21

In H1 21, underlying gross operating income of EUR 4.2 billion(1), up +83.4%(1) vs. H1 20

Revenues strongly up +19.5% (22.8%*) and costs contained up 1.7%(1) (3.6%(1)*)

Underlying Group net income of EUR 2.65 billion(1), up +13.5%(1) vs. H1 19, reported Group net income of EUR 2.25 billion

Profitability (ROTE) at 10.2%(1) and 8.6% in H1 21

IMPROVEMENT IN THE OUTLOOK FOR 2021

Expected increase in revenues in all the businesses
Increase of the positive jaws effect with continued disciplined management of costs
Downward revision, **between 20 and 25 basis points,** in the full-year forecast for the **net cost of risk**

STRONG CAPITAL POSITION

Solid CET 1 level at 13.4%(2) at end-June 2021, well above the target, due to **strong organic capital generation of 44 basis points** in H1 21 after dividend provision

Attractive shareholder return

- **Confirmation of the launch, in Q4, of a share buyback programme,** for an amount of around EUR 470m(3)
- **H1 21 dividend per share provision of EUR 1.2**, consistent with a payout ratio of 50% of underlying Group net income(4)

Frédéric Oudéa, the Group's Chief Executive Officer, commented:
"Once again, Societe Generale enjoyed an excellent quarter, with a solid commercial and financial performance by all its businesses. Q2 was marked by the strong revenue momentum, continued cost discipline and a very low cost of risk resulting from very few loan defaults. The results for H1 2021 are the best for 5 years, illustrating the strength of the business model and the Group's capacity to rebound. On these bases, the Group is raising its full-year forecasts for 2021. These results are the fruit of extensive work undertaken for several years to enhance the intrinsic quality of the franchises by effectively anticipating the needs of customers, improve the operational efficiency of the Group and maintain the excellent robustness of the loan portfolio and risk management. Thanks to the exceptional commitment of its teams and a very solid balance sheet, the Societe Generale Group will continue the far-reaching transformation of its businesses related to ESG issues and the growing use of the new digital technologies, in a constant effort to support its customers and provide them with added value."

---

(1) *Underlying data (see methodology note No. 5 for the transition from accounting data to underlying data)*
(2) *Phased-in ratio; fully-loaded ratio of 13.2%*
(3) *It should be noted that, pursuant to Regulation (EU) 2019/876 (CRR2), share buyback is subject to the ECB approval*
(4) *After deducting interest on deeply subordinated notes and undated subordinated notes*
*The footnote * in this document corresponds to data adjusted for changes in Group Structure and at constant exchange rates*

1. GROUP CONSOLIDATED RESULTS

In EURm	Q2 21	Q2 20	Change		H1 21	H1 20	Change	
Net banking income	6,261	5,296	+18.2%	+20.5%*	12,506	10,466	+19.5%	+22.8%*
Operating expenses	(4,107)	(3,860)	+6.4%	+7.9%*	(8,855)	(8,538)	+3.7%	+5.6%*
Underlying operating expenses(1)	*(4,225)*	*(3,984)*	*+6.1%*	*+7.5%**	*(8,322)*	*(8,185)*	*+1.7%*	*+3.6%**
Gross operating income	2,154	1,436	+50.0%	+55.2%*	3,651	1,928	+89.4%	x 2.0*
Underlying gross operating income(1)	*2,036*	*1,312*	*+55.1%*	*+61.0%**	*4,184*	*2,281*	*+83.4%*	*+94.8%**
Net cost of risk	(142)	(1,279)	-88.9%	-88.6%*	(418)	(2,099)	-80.1%	-79.4%*
Operating income	2,012	157	x 12.8	x 13.6*	3,233	(171)	n/s	n/s
Underlying operating income(1)	*1,894*	*33*	*x 57.2*	*x 80.4**	*3,766*	*182*	*x 20.7*	*x 31.0**
Net profits or losses from other assets	5	4	+25.0%	+26.4%*	11	84	-86.9%	-86.9%*
Impairment losses on goodwill	0	(684)	n/s	n/s	0	(684)	n/s	n/s
Income tax	(404)	(658)	-38.6%	-38.3%*	(687)	(612)	+12.3%	+15.4%*
Net income	1,615	(1,180)	n/s	n/s	2,562	(1,378)	n/s	n/s
O.w. non-controlling interests	(176)	(84)	x 2.1	x 2.1*	(309)	(212)	+45.8%	+45.6%*
Reported Group net income	1,439	(1,264)	n/s	n/s	2,253	(1,590)	n/s	n/s
Underlying Group net income(1)	*1,349*	*8*	*x 163.1*	*n/s*	*2,647*	*0*	*n/s*	*n/s*
ROE	9.8%	-10.9%			7.5%	-7.2%		
ROTE	11.2%	-6.5%			8.6%	-5.3%		
Underlying ROTE(1)	*10.4%*	*-1.3%*			*10.2%*	*-1.3%*		

(1) Adjusted for exceptional items and linearisation of IFRIC 21

Societe Generale's Board of Directors, which met on August 2nd, 2021 under the chairmanship of Lorenzo Bini Smaghi, examined the Societe Generale Group's results for Q2 and H1 2021.

The various restatements enabling the transition from underlying data to published data are presented in the methodology notes (section 10.5).

Net banking income

The rebound in the Group's activity continued in Q2 21, with net banking income increasing by +18.2% (+20.5%*) vs. Q2 20 and all the businesses contributing to this strong momentum.

French Retail Banking experienced a significant improvement in Q2 21, with net banking income (excluding PEL/CEL provision) increasing by +8.0% vs. Q2 20 driven by the recovery in net interest income and commissions, which were considerably affected by lockdown measures in Q2 20.

International Retail Banking & Financial Services enjoyed strong revenue growth of +17%* vs. Q2 20, underpinned by the excellent momentum of Financial Services (+49%* vs. Q2 20) and Insurance (+13%* vs. Q2 20). International Retail Banking saw a rebound in activity of +7.9%* vs. Q2 20.

Global Banking & Investor Solutions also turned in an excellent performance, with revenues up +28%* vs. Q2 20, driven by Global Markets and Financing & Advisory.

In H1, the Group posted strong growth of +19.5% (+22.8%*) vs. H1 20, with a positive contribution from all the businesses, and returned to a revenue level close to that of H1 19 (EUR 12.5 billion).

In 2021, the Group is aiming for positive revenue growth in all the businesses.

Operating expenses

In Q2 21, operating expenses totalled EUR 4,107 million on a reported basis and EUR 4,225 million on an underlying basis (restated for the linearisation of IFRIC 21 and transformation costs), representing an increase of +6.1% vs. Q2 20.

The Group therefore generated a very positive jaws effect in all its businesses, resulting in an increase in underlying gross operating income of +55% to EUR 2,036 million and an improvement in the underlying cost to income ratio of nearly 8 points (67% vs. 75% in Q2 20).

In H1, costs amounted to EUR 8,855 million on a reported basis and EUR 8,322 million on an underlying basis, up +1.7% vs. H1 20. This limited growth can be explained primarily by the rise in variable costs linked to the growth in revenues and the increase in the IFRIC 21 charge (EUR +44 million).

Thanks to this good performance in H1, the **Group plans to increase its positive jaws effect** in 2021 while maintaining disciplined cost management.

Cost of risk

In Q2 21, the commercial cost of risk stood at a low level of 11 basis points (EUR 142 million), lower than in Q1 21 (21 basis points) and Q2 20 (97 basis points). It breaks down into a provision on non-performing loans of EUR 164 million, a decline compared to recent quarters, and a provision write-back on performing loans of EUR 22 million.

The Group's provisions on performing loans currently amount to EUR 3,548 million.

As part of the support provided to its customers during the crisis, the Group granted repayment moratoriums and State Guaranteed Loans. At June 30th 2021, the residual amount of repayment moratoriums still in force represented around EUR 0.5 billion and State Guaranteed Loans, around EUR 18 billion. In France, the total amount of State Guaranteed Loans ("PGE") is around EUR 16 billion and net exposure amounts to around EUR 2 billion.

The gross doubtful outstandings ratio amounted to 3.1%[2] at June 30th 2021, an improvement vs. end-March 2021 (3.3%[2]). The Group's gross coverage ratio for doubtful outstandings stood at 52%[3] at June 30th 2021 (51% at March 31st 2021).

With a commercial cost of risk of 16 basis points in H1, **the Group has revised its full-year forecast downwards** and therefore anticipates a cost of risk of between 20 and 25 basis points in 2021 (vs. 30 to 35 basis points initially).

---

[2] NPL ratio calculated according to the EBA methodology published on July 16th, 2019

[3] Ratio between the amount of provisions on doubtful outstandings and the amount of these same outstandings

Group net income

In EURm	Q2 21	Q2 20	H1 21	H1 20
Reported Group net income	1,439	(1,264)	2,253	(1,590)
Underlying Group net income(1)	1,349	8	2,647	0

In %	Q2 21	Q2 20	H1 21	H1 20
Reported ROTE	11.2%	-6.5%	8.6%	-5.3%
Underlying ROTE(1)	10.4%	-1.3%	10.2%	-1.3%

Earnings per share amounts to EUR 2.29 in H1 21 (EUR -2.25 in H1 20). Underlying earnings per share amounts to EUR 2.40(2) over the same period (EUR -0.59(2) in H1 20).

(1) Adjusted for exceptional items and linearisation of IFRIC 21
(2) Underlying EPS calculated based on an underlying Group net income excluding IFRIC 21 linearisation. EUR 2.75 including IFRIC 21 linearisation in H1 21 and EUR -0.38 in H1 20.

2. THE GROUP'S FINANCIAL STRUCTURE

Group **shareholders' equity** totalled EUR 63.1 billion at June 30th, 2021 (EUR 61.7 billion at December 31st, 2020). Net asset value per share was EUR 63.6 and tangible net asset value per share was EUR 56.0.

The **consolidated balance sheet** totalled EUR 1,493 billion at June 30th, 2021 (EUR 1,462 billion at December 31st, 2020). The net amount of customer loan outstandings at June 30th, 2021, including lease financing, was EUR 455 billion (EUR 440 billion at December 31st, 2020) – excluding assets and securities purchased under resale agreements. At the same time, customer deposits amounted to EUR 470 billion, vs. EUR 451 billion at December 31st, 2020 (excluding assets and securities sold under repurchase agreements).

At July 16th, 2021, the parent company had issued EUR 26.1 billion of medium/long-term debt, having an average maturity of 5.5 years and an average spread of 42 basis points (vs. the 6-month midswap, excluding subordinated debt). The subsidiaries had issued EUR 1.4 billion. In total, the Group had issued EUR 27.5 billion of medium/long-term debt. Excluding structured issuances, the parent company had completed its annual financing programme.

The LCR (Liquidity Coverage Ratio) was well above regulatory requirements at 133% at end-June 2021, vs. 149% at end-December 2020, and at 136% on average in Q2 2021, vs. 153% on average in Q4 2020. At the same time, the NSFR (Net Stable Funding Ratio) was over 100% at end-June 2021.

The Group's **risk-weighted assets** (RWA) amounted to EUR 361.5 billion at June 30th, 2021 (vs. EUR 351.9 billion at end-December 2020) according to CRR2/CRD5 rules. Risk-weighted assets in respect of credit risk represent 82.5% of the total, at EUR 298.2 billion, up 3.8% vs. December 31st, 2020.

At June 30th, 2021, the Group's **Common Equity Tier 1** ratio stood at 13.4%, or around 430 basis points above the regulatory requirement. The CET1 ratio at June 30th, 2021 includes an effect of +20 basis points for phasing of the IFRS 9 impact. Excluding this effect, the fully-loaded ratio amounts to 13.2%. The Tier 1 ratio stood at 15.8% at end-June 2021 (16.0% at end-December 2020) and the total capital ratio amounted to 19.2% (19.2% at end-December 2020).

The **leverage ratio** stood at 4.6% at June 30th, 2021 (4.8% at end-December 2020).

With a level of 30.5% of RWA and 8.9% of leveraged exposure at end-June 2021, the Group's TLAC ratio is above the FSB's requirements for 2021. At June 30th, 2021, the Group was also above its 2022 MREL requirements of 25.2% of RWA and 5.91% of leveraged exposure.

The Group is rated by four rating agencies: (i) Fitch Ratings - long-term rating "A-", stable rating, senior preferred debt rating "A", short-term rating "F1" (ii) Moody's - long-term rating (senior preferred debt) "A1", stable outlook, short-term rating "P-1" (iii) R&I - long-term rating (senior preferred debt) "A", stable outlook; and (iv) S&P Global Ratings - long-term rating (senior preferred debt) "A", stable outlook, short-term rating "A-1".

3. FRENCH RETAIL BANKING

In EURm	Q2 21	Q2 20	Change	H1 21	H1 20	Change
Net banking income	1,906	1,754	+8.7%	3,753	3,634	+3.3%
Net banking income excl. PEL/CEL	*1,889*	*1,749*	*+8.0%*	*3,748*	*3,654*	*+2.6%*
Operating expenses	(1,297)	(1,233)	+5.2%	(2,750)	(2,683)	+2.5%
Gross operating income	609	521	+16.9%	1,003	951	+5.5%
Gross operating income excl. PEL/CEL	*592*	*516*	*+14.7%*	*998*	*971*	*+2.8%*
Net cost of risk	(6)	(442)	-98.6%	(129)	(691)	-81.3%
Operating income	603	79	x 7.6	874	260	x 3,4
Reported Group net income	438	60	x 7.3	641	279	x 2,3
Underlying Group net income (1)	*398*	*40*	*x 9.9*	*693*	*339*	*x 2*
RONE	15.6%	2.1%		11.4%	4.9%	
Underlying RONE(1)	*14.2%*	*1.4%*		*12.3%*	*6.0%*	

(1) Adjusted for the linearisation of IFRIC 21 and PEL/CEL provision

Societe Generale and Crédit du Nord networks:

Average loan outstandings rose +1% vs. Q2 20 to EUR 208 billion. Average medium/long-term outstanding loans to corporate and professional customers climbed 8%, bolstered by the 20% growth in loan production excluding State Guaranteed Loans vs. Q2 20. Home loan production was up +34% vs. Q2 20.

Average outstanding balance sheet deposits[(2)] increased by +9% vs. Q2 20 to EUR 234 billion, still driven by sight deposits, whose rate of growth decelerated.

As a result, the average loan/deposit ratio stood at 89% in Q2 21 vs. 96% in Q2 20.

Insurance assets under management totalled EUR 92 billion at end-June 2021. Gross life insurance inflow amounted to EUR 2.2 billion in Q2 21, with the unit-linked share accounting for 38%.

Private Banking's assets under management totalled EUR 75 billion at end-June 2021. Net inflow remained buoyant at EUR 1.3 billion in Q2 21.

The number of protection policies was up +4%, while property and casualty premiums were 3% higher than in Q2 20.

Boursorama:

The bank consolidated its position as the leading online bank in France, with more than 2.9 million clients at end-June 2021, thanks to the onboarding of 168,000 new clients in Q2 21 (+40% vs. Q2 20).

This quarter, the bank distinguished itself by being classified No. 1 in France in the "World's best Banks 2021" rankings established by Forbes & Statista. Boursorama was also classified No. 1 bank in France in terms of customer recognition by Isoskèle in 2021. The bank was classified No. 1 in the rankings for best banking application in France (Selectra 2021). Finally, Boursorama was classified No. 1 in the 2021 rankings of cheapest banks according to the Capital-Panorabanques study.

[(2)] *Including BMTN (negotiable medium-term notes)*

Outstanding loans rose +24% vs. Q2 20 to EUR 12 billion. Home loan and consumer loan production reached a record level of EUR 1.4 billion. Home loan outstandings were up +26% vs. Q2 20.

Outstanding savings including deposits and financial savings were 30% higher than in Q2 20 at EUR 33 billion, while outstanding deposits were up +29% vs. Q2 20. The number of stock market orders increased by +7% vs. H1 20 and x3.3 vs. H1 19.

Net banking income excluding PEL/CEL

Q2 21: revenues (excluding PEL/CEL) totalled EUR 1,889 million, up +8% vs. Q2 20. Net interest income (excluding PEL/CEL) was up +1.6% vs. Q2 20, still impacted by the increase in deposits in a low interest rate environment. Commissions were 9.7% higher than in Q2 20 owing particularly to an increase in financial commissions against the backdrop of an exit from the lockdown.

H1 21: revenues (excluding PEL/CEL) totalled EUR 3,748 million, up +2.6% vs. H1 20. Net interest income (excluding PEL/CEL) was down -2.1% vs. H1 20. Commissions were 5.1% higher than in H1 20, benefiting from the strong increase in financial commissions.

Operating expenses

Q2 21: operating expenses totalled EUR 1,297 million (+5.2% vs. Q2 20). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 70.7%, an improvement of 1.2 points vs. Q2 20.

H1 21: operating expenses totalled EUR 2,750 million (+2.5% vs. H1 20). The cost to income ratio (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 71.3%, an improvement of 0.3 points vs. H1 20.

Cost of risk

Q2 21: the commercial cost of risk amounted to EUR 6 million or 1 basis point, substantially lower than in Q2 20 (85 basis points), impacted by the crisis, and Q1 21 (23 basis points).

H1 21: the commercial cost of risk amounted to EUR 129 million or 12 basis points, a substantial decline compared to H1 20 (68 basis points).

Contribution to Group net income

Q2 21: the contribution to Group net income was EUR 438 million vs. EUR 60 million in Q2 20. RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 14.2% in Q2 21 (1.4% in Q2 20) and 15.1% excluding Boursorama.

H1 21: the contribution to Group net income was EUR 641 million (x2.3 vs. H1 20). RONE (after linearisation of the IFRIC 21 charge and restated for the PEL/CEL provision) stood at 12.3% in H1 21 (6.0% in H1 20).

4. INTERNATIONAL RETAIL BANKING & FINANCIAL SERVICES

In EURm	Q2 21	Q2 20	Change		H1 21	H1 20	Change	
Net banking income	1,989	1,750	+13.7%	*+17.0%**	3,851	3,714	+3.7%	*+8.2%**
Operating expenses	(1,011)	(979)	*+3.3%*	*+6.0%**	(2,100)	(2,125)	*-1.2%*	*+2.8%**
Gross operating income	978	771	*+26.8%*	*+30.9%**	1,751	1,589	*+10.2%*	*+15.4%**
Net cost of risk	(121)	(418)	*-71.1%*	*-69.6%**	(263)	(647)	*-59.4%*	*-57.1%**
Operating income	857	353	*x 2.4*	*x 2.5**	1,488	942	*+58.0%*	*+64.6%**
Reported Group net income	522	226	*x 2.3*	*x 2.4**	914	591	*+54.7%*	*+63.4%**
Underlying Group net income (1)	*508*	*213*	*x 2.4*	*x 2.4**	*942*	*619*	*+52.1%*	*+60.3%**
RONE	20.6%	8.4%			18.2%	11.0%		
Underlying RONE(1)	*20.0%*	*7.9%*			*18.7%*	*11.6%*		

(1) Adjusted for the linearisation of IFRIC 21

International Retail Banking's outstanding loans totalled EUR 89.3 billion. They rose +3.8%* vs. end-June 2020 when adjusted for changes in Group structure and at constant exchange rates, illustrating the healthy commercial momentum in all the regions. Outstanding deposits were 8.6%* higher than in June 2020, at EUR 87.5 billion.

For the Europe scope, outstanding loans were up +4.3%* vs. June 2020 at EUR 57.1 billion, driven by all the regions: +3.5%* in Western Europe, +4.0%* in the Czech Republic and +8.6%* in Romania. Outstanding deposits were substantially higher (+10.8%*), with a healthy momentum in the Czech Republic (+10.7%*) and Romania (+11.0%*).

In Russia, outstanding loans rose +2.7%* at constant exchange rates, with a robust performance in car and home loans, up +11%* and +19%* respectively vs. Q2 20. Outstanding deposits increased by +1.6%*.

In Africa, Mediterranean Basin and French Overseas Territories, activity was buoyant, both in the individual and corporate customers segments. Outstanding loans were 2.8%* higher than in June 2020. Outstanding deposits, up +7.4%*, also enjoyed a healthy momentum.

In the Insurance business, the life insurance savings business posted a very good performance, with outstandings increasing +7%* vs. June 2020. The share of unit-linked products in outstandings was 35% at end-June 2021, an increase of 5 points vs. June 2020. Protection insurance rose +8%* vs. Q2 20, with an increase in property/casualty premiums (+11%*) and personal protection premiums (+7%*).

Financial Services to Corporates enjoyed a healthy momentum. Operational Vehicle Leasing and Fleet Management's vehicle fleet was stable vs. end-June 2020, with 1.8 million vehicles. Equipment Finance's new leasing business was up +24% vs. Q2 20, while outstanding loans were stable* vs. end-June 2020, at EUR 14.3 billion (excluding factoring).

Net banking income

Net banking income amounted to EUR 1,989 million in Q2 21, up +17.0%* vs. Q2 20. Revenues amounted to EUR 3,851 million in H1 21, up +8.2%* vs. H1 20.

International Retail Banking's net banking income totalled EUR 1,231 million, an increase of +7.9%* vs. Q2 20. Net banking income totalled EUR 2,418 million in H1 21, an increase of +1.9%* vs. H1 20.

Thanks to a healthy commercial momentum and an increase in commissions (+15%* vs. Q2 20), revenues in Europe were 3.3%* higher, despite net interest income pressure in an environment of lower interest rates than in Q2 20 (the effects of recent rate increases in the Czech Republic and Russia not yet being fully reflected in the revenues). Specialised consumer finance benefited from a strong momentum

(+5.0%* vs. Q2 20). Revenues were also higher (+4.0%*) for the SG Russia[1] scope, benefiting from robust activity in the individual customers segment (car and home loans). The Africa, Mediterranean Basin and French Overseas Territories scope posted revenues up +16.5%* vs. Q2 20, benefiting from a healthy commercial momentum in all regions and a rebound in the Mediterranean Basin. When restated for the impact of repayment moratoriums in Tunisia, revenue growth for the Africa, Mediterranean Basin and French Overseas Territories scope was 8.2%*.

The **Insurance** business posted net banking income of EUR 238 million, up +12.8%* vs. Q2 20. Net banking income was 8.0%* higher in H1 21 than in H1 20 at EUR 474 million.

Financial Services to Corporates' net banking income was higher (+49.1%*) and amounted to EUR 520 million, driven in particular by ALD which posted an increase in leasing margins (+17%*[2] vs. Q2 20) and the used car sale result (EUR 740 per unit in H1). Financial Services to Corporates' net banking income was EUR 959 million in H1 21, up +28.5%*.

Operating expenses

Operating expenses totalled EUR 1,011 million, an increase of +6.0%* on a reported basis and +6.1%* on an underlying basis vs. Q2 20, in conjunction with the recovery in activity. As a result, the quarter generated a significant positive jaws effect. The cost to income ratio stood at 50.8% in Q2 21. H1 reflected the good cost discipline. At EUR 2,100 million, costs were 2.8%* higher than in H1 20.

In **International Retail Banking**, operating expenses were up +4.0%* vs. Q2 20 and up +1.4%* vs. H1 20.

In the **Insurance** business, operating expenses were in line with the commercial expansion ambitions and rose +6.5%* vs. Q2 20 and +4.2%* vs. H1 20.

In **Financial Services to Corporates**, operating expenses increased by +7.7%* vs. Q2 20 and increased by +5.1%* vs. H1 20.

Cost of risk

Q2 21: the cost of risk amounted to 37 basis points vs. 125 basis points in Q2 20.
H1 21: the cost of risk amounted to 40 basis points vs. 96 basis points in H1 20.

Contribution to Group net income

The contribution to Group net income totalled EUR 522 million (x2.4* vs. Q2 20), and EUR 914 million in H1 21 (+63.4%* vs. H1 20).

Underlying RONE stood at 20.0% in Q2 21, vs. 7.9% in Q2 20, and 18.7% in H1 21 vs. 11.6% in H1 20.
In International Retail Banking and in Insurance and Financial Services to Corporates, underlying RONE stood at 16.8% and 24.1% respectively in Q2 21.

---

[1] SG Russia encompasses the entities Rosbank, Rusfinance Bank, Societe Generale Insurance, ALD Automotive and their consolidated subsidiaries
[2] Based on ALD local data

5. GLOBAL BANKING & INVESTOR SOLUTIONS

In EURm	Q2 21	Q2 20	Change		H1 21	H1 20	Change	
Net banking income	2,340	1,880	+24.5%	+27.7%*	4,849	3,507	+38.3%	+42.8%*
Operating expenses	(1,648)	(1,570)	+5.0%	+6.9%*	(3,699)	(3,547)	+4.3%	+6.3%*
Gross operating income	692	310	x 2.2	x 2.4*	1,150	(40)	n/s	n/s
Net cost of risk	(17)	(419)	-95.9%	-95.8%*	(26)	(761)	-96.6%	-96.4%*
Operating income	675	(109)	n/s	n/s	1,124	(801)	n/s	n/s
Group net income	522	(67)	n/s	n/s	878	(604)	n/s	n/s
Underlying Group net income (1)	*424*	*(120)*	*n/s*	*n/s*	*1,070*	*(433)*	*n/s*	*n/s*
RONE	14.4%	-1.9%			12.2%	-8.6%		
Underlying RONE(1)	*11.7%*	*-3.3%*			*14.9%*	*-6.2%*		

(1) Adjusted for the linearisation of IFRIC 21

Net banking income

In Q2 21, **Global Banking & Investor Solutions** posted a very good performance, with revenues of EUR 2,340 million, substantially higher (+24.5%) than in Q2 20 (+27.7%* when adjusted for changes in Group structure and at constant exchange rates), with a strong momentum in the Equity businesses and in Financing & Advisory activities.

In H1 21, revenues rose +38.3% vs. H1 20 (EUR 4,849 million vs. EUR 3,507 million, +42.8%*), to a higher level than in H1 19.

In **Global Markets & Investor Services,** net banking income totalled EUR 1,388 million, +40.1% vs. a Q2 20 impacted by the health crisis (+44.3%*). It amounted to EUR 3,039 million in H1 21, +72.8% vs. H1 20 (+80.7%*).

Market conditions in the Equity businesses remain favourable, in an environment in a normalisation phase versus Q1 21. Accordingly, the business posted revenues of EUR 758 million in Q2 21, up +21% vs. the average level in 2019. This good performance is reflected in each of the regions. Commercial activity was very buoyant, especially in Investment Solutions products (and more particularly in listed products) and in the retail and large corporates segments. Structured products also performed well.
Revenues were higher at EUR 1,609 million in H1 21.

Fixed Income & Currency activities posted a performance down -33% vs. a strong Q2 20, driven by very dynamic fixed income markets. At EUR 470 million, these Q2 revenues were 6% lower than the average level in 2019. Commercial activity was buoyant in Rate activities and average in Credit and Currency activities.
Revenues were 16% lower in H1 21 than in H1 20 and 10% higher than the average level in 2019.

Securities Services' revenues were also substantially higher (+7.4% vs. Q2 20), at EUR 160 million. They were up +12.0% in H1 21 vs. H1 20, at EUR 335 million.
Securities Services' assets under custody amounted to EUR 4,446 billion at end-June 2021, an increase of +2.4% vs. end-March 2021. Over the same period, assets under administration were up +3.4% at EUR 661 billion.

Financing & Advisory revenues totalled EUR 720 million in Q2 21, up +12.9%* vs. Q2 20 (+9.6% at current structure and exchange rates). They amounted to EUR 1,353 million in H1 21, significantly higher (+7.9%*) than in H1 20.

Asset and Natural Resources and Infrastructure Financing activities enjoyed a good quarter, benefiting from a healthy commercial momentum. The expansion of the Asset-Backed Products platform continued in Q2, with in particular an acceleration in Asia.

Investment Banking revenues were lower compared to the very high level in Q2 20 due to a record level of issues last year. While debt capital markets are returning to normal, equity capital markets and Leveraged Buyout markets are more active.

Global Transaction and Payment Services continued to deliver strong growth, up +25%* vs. Q2 20.

Asset and Wealth Management's net banking income totalled EUR 232 million in Q2 21, stable* vs. Q2 20. It was down -0.9%* (-1.1% at current change and perimeter) in H1 21.

Private Banking posted a performance down -8.8%* vs. Q2 20 (at EUR 171 million) and up +8%* when Q2 20 is restated for an exceptional impact of EUR +29 million related to an insurance payout. The business benefited from strong commercial activity combined with net inflow amounting to EUR +2.1 billion. Assets under management were up +4.2% vs. end-March 2021, at EUR 126 billion.
Private Banking posted net inflow of EUR 4.5 billion in H1 21, positive in all the regions. Net banking income amounted to EUR 344 million, down -5.1%* vs. H1 20.

Lyxor's net banking income amounted to EUR 57 million, an increase of EUR 17 million vs. Q2 20. Lyxor's assets under management were higher (+7.1%) than at end-March 2021, at EUR 165 billion. Net inflow was EUR +5.3 billion in Q2 21.
Revenues were up +16.1%* in H1 21 vs. H1 20, with net inflow of EUR +11.5 billion.

Operating expenses

Q2 21: operating expenses totalled EUR 1,648 million and EUR 1,777 million on an underlying basis. Higher underlying costs (+10.5%* vs. Q2 20) can be explained by the rise in variable costs related to the increase in revenues and the IFRIC 21 charge, generating a very positive jaws effect. There was an improvement in the cost to income ratio of 13 points (70.4% vs. 83.5% in Q2 20).
H1 21: operating expenses were up +6.3%* on a reported basis and +5.7%* on an underlying basis.

Net cost of risk

Q2 21: the commercial cost of risk amounted to 4 basis points (or EUR 17 million), well below the level of 95 basis points in Q2 20, which was adversely affected by the health crisis.
H1 21: it was at a low level of 3 basis points.

Contribution to Group net income

The contribution to Group net income was EUR 522 million on a reported basis and EUR 424 million on an underlying basis (after linearisation of IFRIC 21) in Q2 21 and EUR 878 million and EUR 1,070 million respectively in H1 21.

Global Banking & Investor Solutions posted a significant underlying RONE of 11.7% in Q2 21 and 14.9% in H1 21.

6. CORPORATE CENTRE

In EURm	Q2 21	Q2 20	H1 21	H1 20
Net banking income	26	(88)	53	(389)
Operating expenses	(151)	(78)	(306)	(183)
Underlying operating expenses (1)	*(78)*	*(90)*	*(149)*	*(158)*
Gross operating income	(125)	(166)	(253)	(572)
Underlying gross operating income (1)	*(52)*	*(178)*	*(96)*	*(547)*
Net cost of risk	2	-	-	-
Impairment losses on goodwill	-	(684)	-	(684)
Income tax	124	(598)	160	(450)
Reported Group net income	(43)	(1,483)	(180)	(1,856)
Underlying Group net income (1)	*7*	*(129)*	*(62)*	*(510)*

(1) Adjusted for the linearisation of IFRIC 21

The Corporate Centre includes:

- the property management of the Group's head office,
- the Group's equity portfolio,
- the Treasury function for the Group,
- certain costs related to cross-functional projects as well as certain costs incurred by the Group and not re-invoiced to the businesses.

The Corporate Centre's net banking income totalled EUR +26 million in Q2 21 vs. EUR -88 million in Q2 20 and EUR +53 million in H1 21 vs. EUR -389 million in H1 20.

Operating expenses totalled EUR 151 million in Q2 21 vs. EUR 78 million in Q2 20. They include the Group's transformation costs for a total amount of EUR 85 million relating to the activities of French Retail Banking (EUR 38 million), Global Banking & Investor Solutions (EUR 26 million) and the Corporate Centre (EUR 21 million). Underlying costs came to EUR 78 million in Q2 21 compared to EUR 90 million in Q2 20.
Operating expenses totalled EUR 306 million in H1 21 vs. EUR 183 million in H1 20. Transformation costs totalled EUR 135 million (EUR 60 million related to the activities of French Retail Banking, EUR 43 million related to Global Banking & Investor Solutions and EUR 32 million related to the Corporate Centre). Underlying costs came to EUR 149 million in H1 21 compared to EUR 158 million in H1 20.

Gross operating income totalled EUR -125 million in Q2 21 vs. EUR -166 million in Q2 20 and EUR -253 million in H1 21 vs. EUR -572 million in H1 20. Underlying gross operating income came to EUR 96 million in H1 21.

In Q2 20, the review of the financial trajectory of Global Markets & Investor Services led to the impairment of the associated goodwill for EUR -684 million and deferred tax assets for EUR -650 million.

The Corporate Centre's contribution to Group net income was EUR -43 million in Q2 21 vs. EUR -1,483 million in Q2 20 and EUR -180 million in H1 21 vs. EUR -1,856 million in H1 20.

7. CONCLUSION

The Group enjoyed an excellent H1 2021, combining a very good performance by all the businesses with a significant improvement in their cost to income ratio, while maintaining disciplined management of its costs, risk policy and capital position.

On the strength of H1, the Group has improved its full-year targets, now anticipating an increase in revenues in all its businesses and a cost of risk revised downwards in a still uncertain environment but with an improving economic outlook.

The Group also remains fully committed to the execution of its strategic initiatives, the integration of the CSR dimension in all its regions and businesses and the expansion of its growth drivers.

8. 2021 FINANCIAL CALENDAR

2021 Financial communication calendar

November 4th, 2021	Third quarter and nine-month 2021 results
February 10th, 2022	Fourth quarter and FY 2021 results
May 5th, 2022	First quarter 2022 results
August 3rd, 2022	Second quarter and first half 2022 results
November 4th, 2022	Third quarter and nine-month 2022 results

The Alternative Performance Measures, notably the notions of net banking income for the pillars, operating expenses, IFRIC 21 adjustment, (commercial) cost of risk in basis points, ROE, ROTE, RONE, net assets, tangible net assets, and the amounts serving as a basis for the different restatements carried out (in particular the transition from published data to underlying data) are presented in the methodology notes, as are the principles for the presentation of prudential ratios.

This document contains forward-looking statements relating to the targets and strategies of the Societe Generale Group.
These forward-looking statements are based on a series of assumptions, both general and specific, in particular the application of accounting principles and methods in accordance with IFRS (International Financial Reporting Standards) as adopted in the European Union, as well as the application of existing prudential regulations.

These forward-looking statements have also been developed from scenarios based on a number of economic assumptions in the context of a given competitive and regulatory environment. The Group may be unable to:
- anticipate all the risks, uncertainties or other factors likely to affect its business and to appraise their potential consequences;
- evaluate the extent to which the occurrence of a risk or a combination of risks could cause actual results to differ materially from those provided in this document and the related presentation.

Therefore, although Societe Generale believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to it or its management or not currently considered material, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in general economic activity and in Societe Generale's markets in particular, regulatory and prudential changes, and the success of Societe Generale's strategic, operating and financial initiatives.

More detailed information on the potential risks that could affect Societe Generale's financial results can be found in the section "Risk Factors" in our Universal Registration Document filed with the French *Autorité des Marchés Financiers* (which is available on https://investors.societegenerale.com/en).

Investors are advised to take into account factors of uncertainty and risk likely to impact the operations of the Group when considering the information contained in such forward-looking statements. Other than as required by applicable law, Societe Generale does not undertake any obligation to update or revise any forward-looking information or statements. Unless otherwise specified, the sources for the business rankings and market positions are internal.

9. APPENDIX 1: FINANCIAL DATA

GROUP NET INCOME BY CORE BUSINESS

In EURm	Q2 21	Q2 20	Change	H1 21	H1 20	Change
French Retail Banking	438	60	x 7.3	641	279	x 2.3
International Retail Banking and Financial Services	522	226	x 2.3	914	591	54.7%
Global Banking and Investor Solutions	522	(67)	n/s	878	(604)	n/s
Core Businesses	1,482	219	x 6.8	2,433	266	x 9.1
Corporate Centre	(43)	(1,483)	n/s	(180)	(1,856)	n/s
Group	1,439	(1,264)	n/s	2,253	(1,590)	n/s

CONSOLIDATED BALANCE SHEET

	30.06.2021	31.12.2020
Cash, due from central banks	160,801	168,179
Financial assets at fair value through profit or loss	440,774	429,458
Hedging derivatives	15,306	20,667
Financial assets measured at fair value through other comprehensive income	49,068	52,060
Securities at amortised cost	18,922	15,635
Due from banks at amortised cost	61,733	53,380
Customer loans at amortised cost	464,622	448,761
Revaluation differences on portfolios hedged against interest rate risk	222	378
Investment of insurance activities	172,016	166,854
Tax assets	4,601	5,001
Other assets	69,473	67,341
Non-current assets held for sale	368	6
Investments accounted for using the equity method	96	100
Tangible and intangible assets	30,786	30,088
Goodwill	3,821	4,044
Total	**1,492,609**	**1,461,952**

	30.06.2021	31.12.2020
Central banks	5,515	1,489
Financial liabilities at fair value through profit or loss	376,762	390,247
Hedging derivatives	10,170	12,461
Debt securities issued	137,938	138,957
Due to banks	147,938	135,571
Customer deposits	478,774	456,059
Revaluation differences on portfolios hedged against interest rate risk	5,214	7,696
Tax liabilities	1,365	1,223
Other liabilities	87,805	84,937
Non-current liabilities held for sale	104	-
Liabilities related to insurance activities contracts	151,119	146,126
Provisions	4,595	4,775
Subordinated debts	16,673	15,432
Total liabilities	**1,423,972**	**1,394,973**
SHAREHOLDERS' EQUITY		
Shareholders' equity, Group share		
Issued common stocks and capital reserves	22,354	22,333
Other equity instruments	8,930	9,295
Retained earnings	30,962	32,076
Net income	2,253	(258)
Sub-total	**64,499**	**63,446**
Unrealised or deferred capital gains and losses	(1,363)	(1,762)
Sub-total equity, Group share	**63,136**	**61,684**
Non-controlling interests	5,501	5,295
Total equity	**68,637**	**66,979**
Total	**1,492,609**	**1,461,952**

10. APPENDIX 2: METHODOLOGY

1 – The financial information presented in respect of Q2 and H1 2021 was examined by the Board of Directors on August 2nd, 2021 and has been prepared in accordance with IFRS as adopted in the European Union and applicable at that date. The limited review procedures carried out by the Statutory Auditors are in progress on the condensed interim consolidated financial statements as at June 30th, 2021.

2 – Net banking income

The pillars' net banking income is defined on page 41 of Societe Generale's 2021 Universal Registration Document. The terms "Revenues" or "Net Banking Income" are used interchangeably. They provide a normalised measure of each pillar's net banking income taking into account the normative capital mobilised for its activity.

3 – Operating expenses

Operating expenses correspond to the "Operating Expenses" as presented in note 8.1 to the Group's consolidated financial statements as at December 31st, 2020 (pages 466 et seq. of Societe Generale's 2021 Universal Registration Document). The term "costs" is also used to refer to Operating Expenses. The Cost/Income Ratio is defined on page 41 of Societe Generale's 2021 Universal Registration Document.

4 - IFRIC 21 adjustment

The IFRIC 21 adjustment corrects the result of the charges recognised in the accounts in their entirety when they are due (generating event) so as to recognise only the portion relating to the current quarter, i.e. a quarter of the total. It consists in smoothing the charge recognised accordingly over the financial year in order to provide a more economic idea of the costs actually attributable to the activity over the period analysed.

5 – Exceptional items – Transition from accounting data to underlying data

It may be necessary for the Group to present underlying indicators in order to facilitate the understanding of its actual performance. The transition from published data to underlying data is obtained by restating published data for exceptional items and the IFRIC 21 adjustment.

Moreover, the Group restates the revenues and earnings of the French Retail Banking pillar for PEL/CEL provision allocations or write-backs. This adjustment makes it easier to identify the revenues and earnings relating to the pillar's activity, by excluding the volatile component related to commitments specific to regulated savings.

The reconciliation enabling the transition from published accounting data to underlying data is set out in the table below:

Q2 21 (in EURm)	Operating Expenses	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	(4,107)	5	0	(404)	1,439	
(+) IFRIC 21 linearisation	*(203)*			*49*	*(151)*	
*(+) Transformation charges**	*85*			*(24)*	*61*	*Corporate Center (1)*
Underlying	(4,225)	5	0	(379)	1,349	

Q2 20 (in EURm)	Operating Expenses	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	(3,860)	4	(684)	(658)	(1,264)	
(+) IFRIC 21 linearisation	*(124)*			*58*	*(62)*	
*(-) Goodwill impairment**			*(684)*		*(684)*	*Corporate center*
*(-) DTA impairment **				*(650)*	*(650)*	*Corporate center*
Underlying	(3,984)	4	0	50	8	

(1) Transformation and/or restructuring charges in Q2 21 related to RBDF (EUR 38m), GBIS (EUR 26m) and Corporate Center (EUR 21m)
**exceptionals items*

H1 21 (in EURm)	Operating Expenses	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	(8,855)	11	0	(687)	2,253	
(+) IFRIC 21 linearisation	*398*			*(92)*	*297*	
*(+) Transformation charges**	*135*			*(38)*	*97*	*Corporate Center (2)*
Underlying	(8,322)	11	0	(817)	2,647	

H1 20 (in EURm)	Operating Expenses	Net profit or losses from other assets	Impairment losses on goodwill	Income tax	Group net income	Business
Reported	(8,538)	84	(684)	(612)	(1,590)	
(+) IFRIC 21 linearisation	*353*			*(166)*	*179*	
(-) Group refocusing plan		*(77)*		*0*	*(77)*	*Corporate center*
*(-) Goodwill impairment**			*(684)*		*(684)*	*Corporate center*
*(-) DTA impairment **				*(650)*	*(650)*	*Corporate center*
Underlying	(8,185)	161	0	(128)	0	

(2) Transformation and/or restructuring charges in H1 21 related to RBDF (EUR 60m), GBIS (EUR 43m) and Corporate Center (EUR 32m)
**exceptionals items*

6 - Cost of risk in basis points, coverage ratio for doubtful outstandings

The cost of risk or commercial cost of risk is defined on pages 43 and 635 of Societe Generale's 2021 Universal Registration Document. This indicator makes it possible to assess the level of risk of each of the pillars as a percentage of balance sheet loan commitments, including operating leases.

	(In EUR m)	Q2 21	Q2 20	H1 21	H1 20
French Retail Banking	Net Cost Of Risk	6	442	129	691
	Gross loans Outstanding	217,710	207,517	217,658	204,328
	Cost of Risk in bp	1	85	12	68
International Retail Banking and Financial Services	Net Cost Of Risk	121	418	263	647
	Gross loans Outstanding	131,344	133,475	130,770	134,941
	Cost of Risk in bp	37	125	40	96
Global Banking and Investor Solutions	Net Cost Of Risk	17	419	26	761
	Gross loans Outstanding	162,235	175,673	158,443	166,868
	Cost of Risk in bp	4	95	3	91
Corporate Centre	Net Cost Of Risk	(2)	0	0	0
	Gross loans Outstanding	13,561	10,292	13,262	10,001
	Cost of Risk in bp	(4)	3	0	3
Societe Generale Group	Net Cost Of Risk	142	1,279	418	2,099
	Gross loans Outstanding	524,849	526,958	520,133	516,138
	Cost of Risk in bp	11	97	16	81

The **gross coverage ratio for doubtful outstandings** is calculated as the ratio of provisions recognised in respect of the credit risk to gross outstandings identified as in default within the meaning of the regulations, without taking account of any guarantees provided. This coverage ratio measures the maximum residual risk associated with outstandings in default ("doubtful").

7 - ROE, ROTE, RONE

The notions of ROE (Return on Equity) and ROTE (Return on Tangible Equity), as well as their calculation methodology, are specified on page 43 and 44 of Societe Generale's 2021 Universal Registration Document. This measure makes it possible to assess Societe Generale's return on equity and return on tangible equity.

RONE (Return on Normative Equity) determines the return on average normative equity allocated to the Group's businesses, according to the principles presented on page 44 of Societe Generale's 2021 Universal Registration Document.

Group net income used for the ratio numerator is book Group net income adjusted for "interest net of tax payable on deeply subordinated notes and undated subordinated notes, interest paid to holders of deeply subordinated notes and undated subordinated notes, issue premium amortisations" and "unrealised gains/losses booked under shareholders' equity, excluding conversion reserves" (see methodology note No. 9). For ROTE, income is also restated for goodwill impairment.

Details of the corrections made to book equity in order to calculate ROE and ROTE for the period are given in the table below:

ROTE calculation: calculation methodology

End of period	Q2 21	Q2 20	H1 21	H1 20
Shareholders' equity Group share	63,136	60,659	63,136	60,659
Deeply subordinated notes	(8,905)	(8,159)	(8,905)	(8,159)
Undated subordinated notes	(62)	(283)	(62)	(283)
Interest net of tax payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(1)	20	(1)	20
OCI excluding conversion reserves	(699)	(834)	(699)	(834)
Dividend provision	(1,021)		(1,021)	
ROE equity end-of-period	52,448	51,403	52,448	51,403
Average ROE equity	52,161	52,388	51,849	52,830
Average Goodwill	(3,927)	(4,270)	(3,928)	(4,416)
Average Intangible Assets	(2,542)	(2,417)	(2,524)	(2,393)
Average ROTE equity	45,692	45,701	45,397	46,021
Group net Income (a)	1,439	(1,264)	2,253	(1,590)
Underlying Group net income (b)	1,349	8	2,647	
Interest on deeply subordinated notes and undated subordinated notes (c)	(165)	(161)	(309)	(321)
Cancellation of goodwill impairment (d)		684		684
Ajusted Group net Income (e) = (a)+ (c)+(d)	1,274	(741)	1,944	(1,227)
Ajusted Underlying Group net Income (f)=(b)+(c)	1,184	(153)	2,338	(321)
Average ROTE equity (g)	45,692	45,701	45,397	46,021
ROTE [quarter: (4*e/g), 6M: (2*e/g)]	11.2%	-6.5%	8.6%	-5.3%
Underlying ROTE	45,602	46,973	45,791	47,611
Underlying ROTE [quarter: (4*f/h), 6M: (2*f/h)]	10.4%	-1.3%	10.2%	-1.3%

RONE calculation: Average capital allocated to Core Businesses (in EURm)

In EURm	Q2 21	Q2 20	Change	H1 21	H1 20	Change
French Retail Banking	11,237	11,460	-1.9%	11,289	11,321	-0.3%
International Retail Banking and Financial Services	10,158	10,820	-6.1%	10,058	10,708	-6.1%
Global Banking and Investor Solutions	14,462	14,453	0.1%	14,366	14,024	2.4%
Core Businesses	35,857	36,733	-2.4%	35,713	36,053	-0.9%
Corporate Center	16,304	15,655	4.1%	16,136	16,777	-3.8%
Group	52,161	52,388	-0.4%	51,849	52,830	-1.9%

8 - Net assets and tangible net assets

Net assets and tangible net assets are defined in the methodology, page 46 of the Group's 2021 Universal Registration Document. The items used to calculate them are presented below:

End of period	H1 21	Q1 21	2020
Shareholders' equity Group share	63,136	62,920	61,684
Deeply subordinated notes	(8,905)	(9,179)	(8,830)
Undated subordinated notes	(62)	(273)	(264)
Interest, net of tax, payable to holders of deeply subordinated notes & undated subordinated notes, interest paid to holders of deeply subordinated notes & undated subordinated notes, issue premium amortisations	(1)	(51)	19
Bookvalue of own shares in trading portfolio	(46)	(25)	301
Net Asset Value	54,122	53,391	52,910
Goodwill	(3,927)	(3,927)	(3,928)
Intangible Assets	(2,556)	(2,527)	(2,484)
Net Tangible Asset Value	47,639	46,937	46,498
Number of shares used to calculate NAPS**	850,429	850,427	848,859
Net Asset Value per Share	63.6	62.8	62.3
Net Tangible Asset Value per Share	56.0	55.2	54.8

*** The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2021, excluding treasury shares and buybacks, but including the trading shares held by the Group.*
In accordance with IAS 33, historical data per share prior to the date of detachment of a preferential subscription right are restated by the adjustment coefficient for the transaction.

9 - Calculation of Earnings Per Share (EPS)

The EPS published by Societe Generale is calculated according to the rules defined by the IAS 33 standard (see page 45 of Societe Generale's 2021 Universal Registration Document). The corrections made to Group net income in order to calculate EPS correspond to the restatements carried out for the calculation of ROE and ROTE. As specified on page 45 of Societe Generale's 2021 Universal Registration Document, the Group also publishes EPS adjusted for the impact of non-economic and exceptional items presented in methodology note No. 5 (underlying EPS).

The calculation of Earnings Per Share is described in the following table:

Average number of shares (thousands)	H1 21	Q1 21	2020
Existing shares	853,371	853,371	853,371
Deductions			
Shares allocated to cover stock option plans and free shares awarded to staff	3,466	3,728	2,987
Other own shares and treasury shares			
Number of shares used to calculate EPS**	849,905	849,643	850,385
Group net Income	2,253	814	(258)
Interest on deeply subordinated notes and undated subordinated notes	(309)	(144)	(611)
Adjusted Group net income	1,944	670	(869)
EPS (in EUR)	2.29	0.79	(1.02)
Underlying EPS* (in EUR)	2.40	0.83	0.97

(*) Calculated on the basis of underlying Group net income excluding linearisation of IFRIC 21. Or EUR 2.75 taking into account the linearisation of IFRIC 21 in H1 21.
(**) The number of shares considered is the number of ordinary shares outstanding as at June 30th, 2021, excluding treasury shares and buybacks, but including the trading shares held by the Group.

10 – The Societe Generale Group's Common Equity Tier 1 capital is calculated in accordance with applicable CRR2/CRD5 rules. The fully-loaded solvency ratios are presented pro forma for current earnings, net of dividends, for the current financial year, unless specified otherwise. When there is reference to phased-in ratios, these do not include the earnings for the current financial year, unless specified otherwise. The leverage ratio is also calculated according to applicable CRR2/CRD5 rules including the phased-in follows the same rationale as solvency ratios.

NB (1) The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding rules.

(2) All the information on the results for the period (notably: press release, downloadable data, presentation slides and supplement) is available on Societe Generale's website www.societegenerale.com in the "Investor" section.

Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Crédit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;
- **International Retail Banking, Insurance and Financial Services to Corporates,** with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes and MSCI Low Carbon Leaders Index (World and Europe).

In the event of any doubt regarding the authenticity of this press release, go to the bottom of the newsroom of societegenerale.com. Press releases from Societe Generale are certified by blockchain technology. A link will enable you to verify the integrity of this information.

For more information, you can follow us on twitter @societegenerale or visit our websit www.societegenerale.com.

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

GUARANTOR'S AUDITORS

Ernst & Young et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex
France

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER
(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989