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中油燃氣集團有限公司*

CHINA OIL AND GAS GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 603)

**(I) VERY SUBSTANTIAL DISPOSAL;
AND
(II) VERY SUBSTANTIAL ACQUISITION**

Financial Adviser



**瓏盛資本有限公司
Draco Capital Limited**

THE PROPOSED TRANSACTIONS

The Board is pleased to announce that, on 29 April 2026 (after trading hours), China Oil Investment, Tiandalitong and CCNG (collectively, the “**Sellers**”) entered into the Share Swap Agreement with Shandong Shengli, pursuant to which Shandong Shengli has conditionally agreed to acquire, and the Sellers have conditionally agreed to dispose of, the Target Assets for a total Transaction Consideration of approximately RMB1,750.8 million, of which the Share Consideration of approximately RMB1,595.0 million shall be satisfied by way of the issuance of new A shares in Shandong Shengli and the Cash Consideration of approximately RMB155.9 million shall be satisfied by way of cash payment.

The Proposed Transactions comprise the VSD and the VSA pursuant to the Share Swap Agreement. Upon Completion, (a) Shandong Shengli will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil; and (b) the Company will hold approximately 51.11% of the issued share capital of Shandong Shengli as enlarged by the allotment and issue of the Share Consideration. As such, Shandong Shengli will become a non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS FOR THE COMPANY

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the VSD exceed 75%, the VSD constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As the highest applicable percentage ratios in respect of the VSA exceed 100%, the VSA constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

GENERAL

The Proposed Transactions are inter-conditional, and upon Completion, Shandong Shengli will become a non-wholly owned subsidiary of the Company. The Company will convene the SGM to seek approval from the Shareholders for the Share Swap Agreement and the transactions contemplated thereunder (including the VSD and the VSA).

A circular containing, among other things, (i) further details of the Share Swap Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 14 May 2026 in accordance with the Listing Rules.

As the Completion is subject to the satisfaction and/or waiver (as applicable) of the Conditions Precedent, the Proposed Transactions may or may not proceed to Completion. Shareholders, investors and potential investors in the securities of the Company should therefore exercise caution when dealing in Shares, notes or any other securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

INTRODUCTION

Reference is made to the announcements of the Company dated 27 October 2025 and 10 November 2025 relating to the letter of intent of asset acquisition by way of share issuance and cash payment and the merger and acquisition agreement of asset acquisition by way of share issuance and cash payment (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Announcements.

The Board is pleased to announce that, on 29 April 2026 (after trading hours), China Oil Investment, Tiandalitong and CCNG (collectively, the “**Sellers**”) entered into the Share Swap Agreement with Shandong Shengli, pursuant to which Shandong Shengli has conditionally agreed to acquire, and the Sellers have conditionally agreed to dispose of, the Target Assets for a total Transaction Consideration of approximately RMB1,750.8 million, of which (i) the Share Consideration of approximately RMB1,595.0 million shall be satisfied by way of the issuance of 521,225,770 Shengli Consideration Shares; and (ii) the Cash Consideration of RMB155.9 million shall be satisfied by way of cash payment by Shandong Shengli to the Sellers.

The Proposed Transactions comprise the VSD and the VSA pursuant to the Share Swap Agreement. Upon Completion, Shandong Shengli will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil. Upon Completion, the Group’s interest in Shandong Shengli will increase from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares. As such, Shandong Shengli will become a non-wholly owned subsidiary of the Company.

THE SHARE SWAP AGREEMENT

The principal terms of the Share Swap Agreement are set out below.

Date

29 April 2026 (after trading hours)

Parties

- (i) China Oil Investment;
- (ii) Tiandalitong;
- (iii) CCNG (collectively, the “**Sellers**”); and
- (iv) Shandong Shengli.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Shandong Shengli is held as to approximately 22.16% by the Group as at the date of this announcement and is therefore an associate of the Company. Save as aforesaid, Shandong Shengli and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Equity Interests subject to the Proposed Transaction

Pursuant to the Share Swap Agreement, Shandong Shengli has conditionally agreed to acquire the following equity interests (being the Target Assets) from the Sellers:

- (i) 100% equity interests in China Oil Zhuhai held by China Oil Investment;
- (ii) 100% equity interests in Tiandashengtong held by Tiandalitong;
- (iii) 51% equity interests in Nantong Oil held by CCNG; and
- (iv) 40% equity interests in Ganhe China Oil held by CCNG.

Transaction Consideration

The total Transaction Consideration is RMB1,750.8 million, which comprises the agreed transaction prices of:

- (i) approximately RMB65.0 million for the 100% equity interests in China Oil Zhuhai, of which approximately RMB55.3 million shall be satisfied by the issuance of Consideration Shengli Shares and approximately RMB9.8 million shall be satisfied by cash payment;
- (ii) approximately RMB974.2 million for the 100% equity interests in Tiandashengtong, of which approximately RMB828.1 million shall be satisfied by the issuance of Consideration Shengli Shares and approximately RMB146.1 million shall be satisfied by cash payment;
- (iii) approximately RMB430.5 million for the 51% equity interests in Nantong Oil, which shall be satisfied entirely by the issuance of Consideration Shengli Shares; and
- (iv) approximately RMB281.0 million for the 40% equity interests in Ganhe China Oil, which shall be satisfied entirely by the issuance of Consideration Shengli Shares.

Pursuant to the Share Swap Agreement, the Transaction Consideration shall be satisfied by Shandong Shengli to the Sellers in the following manner:

- (i) the Share Consideration of approximately RMB1,595.0 million by the issuance of 521,225,770 Consideration Shengli Shares at the issue price of RMB3.06 per Shengli Share, of which:
 - a. 18,067,944 Consideration Shengli Shares will be issued to China Oil Investment;
 - b. 270,621,944 Consideration Shengli Shares will be issued to Tiandalitong; and
 - c. 232,535,882 Consideration Shengli Shares will be issued to CCNG; and
- (ii) the Cash Consideration of approximately RMB155.9 million by cash payment, of which:
 - a. approximately RMB9.8 million will be paid to China Oil Investment; and
 - b. approximately RMB146.1 million will be paid to Tiandalitong.

The breakdown of the Transaction Consideration for each Seller is set out below:

Seller	Target Asset	Total Consideration (RMB'000)	Share Consideration (RMB'000)	Cash Consideration (RMB'000)	Number of Consideration Shengli Shares
China Oil Investment	100% equity interests in China Oil Zhuhai	65,044.60	55,287.91	9,756.69	18,067,944
Tiandalitong	100% equity interests in Tiandashengtong	974,239.00	828,103.15	146,135.85	270,621,944
CCNG	51% equity interests in Nantong Oil	430,531.80	430,531.80	—	140,696,666
CCNG	40% equity interests in Ganhe China Oil	281,028.00	281,028.00	—	91,839,216
Total		<u>1,750,843.40</u>	<u>1,594,950.86</u>	<u>155,892.54</u>	<u>521,225,770</u>

The Transaction Consideration was determined after arm's length negotiations among the parties with reference to the historical financial performance and position of the Target Companies, the prospects and growth potential of the natural gas industry, comparable market transactions in the energy sector, synergies expected from the asset integration, and the prevailing market conditions in the natural gas industry.

The Company considers that the Proposed Transactions will generate significant synergies across four dimensions. In terms of industrial and supply chain synergy, Shandong Shengli's existing business in natural gas pipeline manufacturing and gas sales, combined with the Target Assets' natural gas application services across industrial, commercial and residential sectors, will establish a complete and integrated industry chain from pipeline manufacturing through gas sales to end-user application services. This will enable the enlarged group to extend its downstream coverage and strengthen its gas asset portfolio, whilst the Target Assets will benefit from a more stable supply of pipelines and gas sources. In terms of market synergy, Shandong Shengli's established market channels, customer network and brand recognition in the natural gas and plastic pipeline sectors complement the Target Companies' stable end-user customer base in regional markets, allowing the enlarged group to expand terminal market coverage, broaden the customer base and jointly increase overall market share in furtherance of the Group's nationwide gas asset development strategy. In terms of technology synergy, Shandong Shengli's technical expertise in pipeline manufacturing, gas transmission and sales will be combined with the Target Assets' operational experience in gas application services and terminal scenario optimisation, creating a positive cycle of technology sharing that will improve pipeline compatibility, enhance gas utilisation efficiency and drive product innovation. In terms of management synergy, Shandong Shengli's established corporate governance framework, internal control systems and standardised management processes will complement the Target Companies' professional operational and customer service management capabilities, enabling mutual exchange of management best practices, optimised organisational structure and improved overall operational efficiency.

In determining the Transaction Consideration, the parties took into account the above synergies as a qualitative factor alongside the appraised value of the Target Assets. The synergies are expected to accrue to the enlarged group following Completion, and the Directors consider that the Transaction Consideration appropriately reflects both the intrinsic standalone value of the Target Assets and the additional strategic value arising from their integration into Shandong Shengli's platform. The Directors are therefore of the view that the Transaction Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Pricing Basis, Pricing Benchmark Date and Issue Price

The Board has assessed the issue price of RMB3.06 per Shengli Share and considers it to be fair and reasonable and in the interests of the Company and its Shareholders as a whole, for the reasons set out below.

In accordance with Article 46 of the Administrative Measures for the Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), the issue price of shares issued for the purpose of an asset acquisition shall not be lower than 80% of the market reference price, being one of the volume-weighted average trading prices of the relevant listed company's shares for the 20, 60 or 120 trading days prior to the pricing benchmark date.

The pricing benchmark date for the Proposed Transactions is 11 November 2025, being the date of announcement of the resolutions of the 7th meeting of the 11th session of the board of directors of Shandong Shengli, which also being the signing date of the merger and acquisition agreement of asset acquisition by way of share issuance and cash payment. The volume-weighted average trading prices of Shengli Shares for the 20, 60 and 120 trading days prior to the pricing benchmark date, and the corresponding 80% thresholds, are set out below.

Period	Volume- Weighted Average Price (RMB/share)	80% Threshold (RMB/share)
20 trading days prior to the Pricing Benchmark Date	3.68	2.95
60 trading days prior to the Pricing Benchmark Date	3.69	2.96
120 trading days prior to the Pricing Benchmark Date	3.60	2.89

The initial issue price was determined, through arm's length negotiation between the parties, at RMB3.07 per Shengli Share, which is not lower than 80% of any of the three volume-weighted average trading prices set out above and is therefore in compliance with the applicable regulatory requirements.

Subsequent to the determination of the initial issue price, on 29 December 2025, Shandong Shengli convened its second extraordinary general meeting of 2025 and approved an interim profit distribution plan for 2025, pursuant to which a cash dividend of RMB0.15 per 10 shares (before tax) was distributed to all shareholders based on the total share capital of 880,084,656 shares as at 30 June 2025.

In accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange governing ex-dividend adjustments, the issue price was accordingly adjusted downward from RMB3.07 to RMB3.06 per Shengli Share. The adjusted issue price of RMB3.06 per Shengli Share remains not lower than 80% of the volume-weighted average trading prices for each of the three reference periods and continues to comply with all applicable regulatory requirements.

The Board notes that the issue price of RMB3.06 per Shengli Share was determined after comprehensive consideration of, and arm's length negotiation between the parties with reference to, the prevailing capital market conditions, the intrinsic value of the Target Assets and the expected future development of the Target Companies. The Board is of the view that the pricing methodology is consistent with applicable laws and regulations and reflects sound market-oriented principles. The Board considers that the issue price does not prejudice the interests of the Company or its Shareholders, including minority Shareholders, and that the Proposed Transactions as a whole are in the interests of the Company and its Shareholders as a whole.

The proposed issue price of RMB3.06 per Shengli Share in respect of the Share Consideration pursuant to the Share Swap Agreement represents a discount of approximately 36.91% to the closing price of RMB4.85 per Shengli Share as quoted on the Shenzhen Stock Exchange on 29 April 2026, being the date of the Share Swap Agreement and this announcement.

The Valuation Approach

The Transaction Consideration of approximately RMB1,750.8 million was determined after arm's length negotiations between the parties with reference to, among others, the appraised value of the Target Assets as assessed by an independent valuer (the “**Valuer**”) appointed by the Company.

In the process of valuing the Target Companies, the Valuer took into account the operations and the nature of the industry of each Target Assets. The Valuer considered three commonly accepted approaches, namely the income-based approach, the asset-based approach and the market-based approach.

The income-based approach was not adopted because a significant number of assumptions would have to be made and the resulting valuation could be largely influenced by any inappropriate assumptions. The asset-based approach was also not adopted because it could not capture the future earning potential of the major operating businesses of the Target Assets and therefore could not adequately reflect the market value of those businesses. The Valuer therefore adopted the market-based approach in arriving at the market value of the Target Assets.

Selection of Comparable Companies

Under the market-based approach, Bloomberg was searched exhaustively for all listed companies in the gas utilities sector in China, using the criterion that at least 90% of their revenue must derive from gas utilities in China, which resulted in a shortlist of 9 companies. The business model and product profiles of the shortlisted companies were examined in further screening, with information obtained from the companies' websites and other reliable sources where necessary. Companies satisfying the following criteria, pertinent to the business operations of the Target Companies, were adopted as guideline public companies for the purposes of the valuation:

- (i) the companies have sufficient listing and operating histories of more than 3 years; and
- (ii) the financial information of the companies is available to the public.

The listing location, principal business location and market capitalisation of the shortlisted companies were not considered as selection criteria, as the business nature and financial performance of comparable companies were the primary considerations of the Valuer. The market value of each Target Assets in minority basis was arrived at by applying the relevant valuation multiple adopted to the estimated financial metric of the respective Target Company for the trailing 12-month period and subsequently adjusting for a marketability discount.

Marketability Discount

Since ownership interests in closely held companies are not as readily marketable as similar interests in publicly listed companies, a discount for lack of marketability was applied in arriving at the market value of each Target Asset as at the date of valuation. In determining the rate of the marketability discount, the Valuer took into account the following factors, including (i) the estimated future liquidity of the equity interests of the Target Companies; (ii) any contractual or customary arrangements relating to the transfer of equity interests; (iii) any restrictions on transfer imposed on the equity interests being valued; (iv) the pool of potential buyers for the equity interests being valued; (v) the risk and volatility of the underlying equity interests; (vi) the size and timing of dividend distributions available to shareholders; and (vii) the concentration of shareholdings of the Target Assets. The marketability discount was determined with reference to the results of the restricted stock study published in the "Stout Restricted Stock Study" by Stout Risius Ross, LLC.

Major Assumptions

The valuation was based on the following major assumptions:

- (i) the unaudited consolidated financial statements of each Target Company could reasonably represent the respective Target Assets financial position as at the date of valuation, given that audited financial statements for the relevant period were not yet available;
- (ii) all relevant legal approvals and business certificates or licences required to operate the businesses of the Target Assets in the localities in which they operate would be officially obtained and renewable upon expiry;
- (iii) there will be sufficient supply of technical staff in the industries in which the Target Companies operate, and each of the Target Assets will retain competent management, key personnel and technical staff to support its ongoing operations and development;
- (iv) there will be no major change in the current taxation laws in the localities in which the Target Assets operate and the rates of tax payable shall remain unchanged, and all applicable laws and regulations will be complied with;
- (v) there will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Assets operate, which would adversely affect the revenues attributable to or the profitability of the Target Assets; and
- (vi) interest rates and exchange rates in the localities in which the Target Assets operate will not differ materially from those presently prevailing.

View of the Board on the Valuation

The Directors consider that the key assumptions, methodology and valuation analyses adopted by the Valuer in arriving at the appraised value of the Target Assets are fair and reasonable, and have taken the appraised value into account in assessing whether the Transaction Consideration is fair and reasonable. The Directors are of the view that the Transaction Consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Lock-up Period for New Shares Issued as Share Consideration

The newly issued Shengli Shares acquired by the Sellers through the Proposed Transactions will be subject to a lock-up period. Such shares shall not be transferred within 36 months from the date of Completion.

If, within 6 months after Completion, the closing price of Shengli Shares is lower than the issue price for 20 consecutive trading days, or if the closing price of Shengli Shares at the end of the 6-month period after Completion is lower than the issue price of the shares issued under the Proposed Transactions, the lock-up period for the new Shengli Shares acquired by the Sellers shall be automatically extended by an additional 6 months.

For the avoidance of doubt, the existing shares in Shandong Shengli already held by China Oil Investment prior to the Proposed Transactions (i.e., shares not issued under the Share Swap Agreement) are subject to a separate lock-up period of 18 months from the date of Completion.

Conditions Precedent

The Share Swap Agreement shall become effective upon the fulfilment of all the following conditions precedent:

- (1) The Share Swap Agreement having been duly signed by the parties;
- (2) The Proposed Transactions having been approved by the Board;
- (3) The Proposed Transactions having been approved by the board of directors of Shandong Shengli;
- (4) The Proposed Transactions having been approved by the Shareholders at the SGM;
- (5) The Proposed Transactions having been approved by the shareholders of Shandong Shengli at the shareholders' meeting of Shandong Shengli, including the approval of the exemption for the Sellers and their concerted action parties from making a general offer obligation in respect of the Shandong Shengli Shares as a result of the Proposed Transactions;
- (6) The Target Companies and the Sellers having fulfilled the necessary approvals, authorisations, filings or licences required by relevant laws and regulations, including compliance with PRC company laws, securities regulations, and any internal corporate governance requirements of the parties;

- (7) The merger control filing related to the Proposed Transactions having been approved by the State Administration for Market Regulation (National Anti-Monopoly Bureau) or its authorised agency (if applicable);
- (8) The Proposed Transactions having been reviewed by the Stock Exchange and complied with the requirement under the Listing Rules and respective disclosure requirements;
- (9) The Proposed Transactions having been reviewed and approved by the Shenzhen Stock Exchange, including any required compliance with its listing rules and disclosure requirements, and registered by the CSRC, including obtaining any necessary no-objection letters or registrations for the issuance of new Shengli Shares; and
- (10) The Proposed Transactions having fulfilled other necessary approvals, authorisations, filings or licences (if required).

All of the above-mentioned conditions precedent are non-waivable. If any condition precedent is confirmed to be unfulfilled, the Share Swap Agreement and all rights and obligations under it (except for any rights and obligations arising on the date of termination) shall automatically terminate on the date on which such condition precedent is confirmed to be unfulfilled. As at the date of this announcement, conditions (1), (2) and (3) have been fulfilled.

Termination

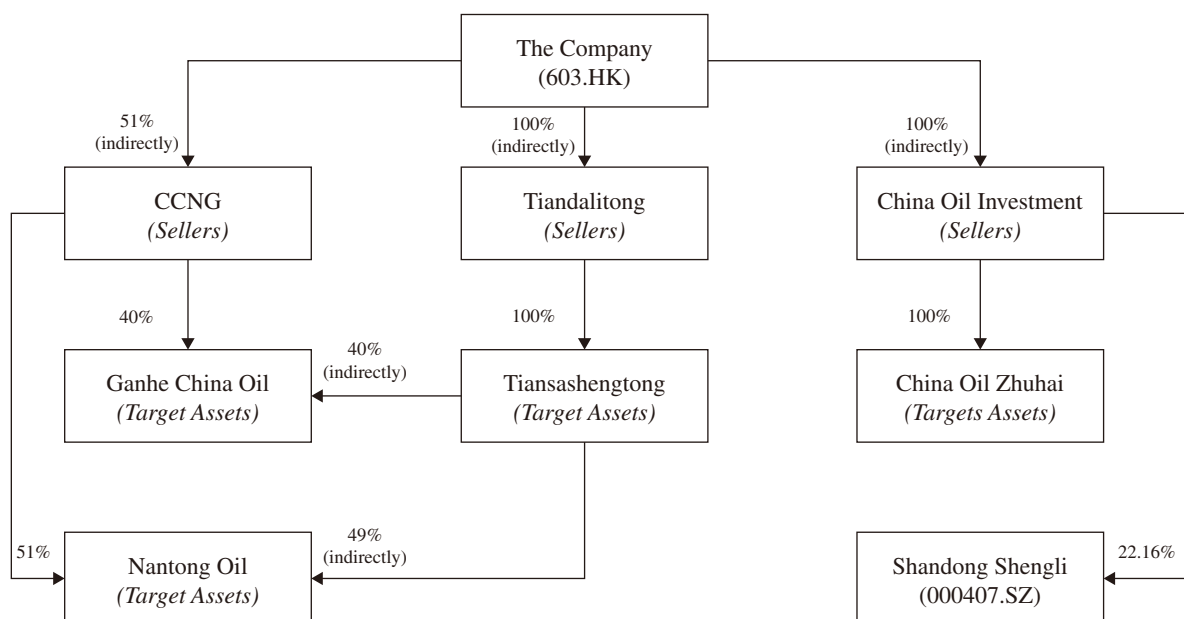
The Share Swap Agreement shall terminate in accordance with its terms. Pursuant to the Supplemental Agreement, it shall automatically terminate simultaneously with the termination of the Merger and Acquisition Agreement dated 10 November 2025.

The Share Swap Agreement may be terminated upon the occurrence of events stipulated therein, including (without limitation) the non-fulfilment of any Conditions Precedent by the agreed long-stop date, mutual written agreement of all parties, or any other circumstances provided under the Share Swap Agreement.

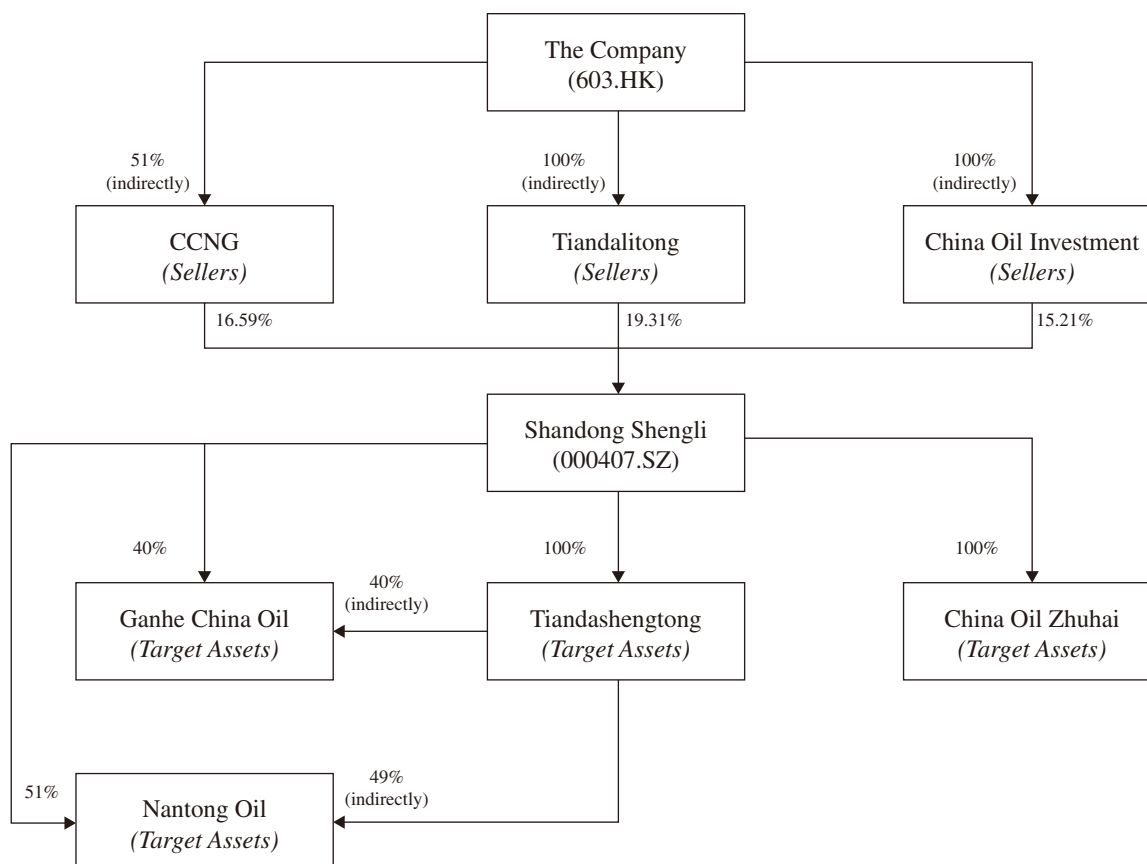
Upon termination, the parties shall have no further obligations under the Share Swap Agreement, save for any accrued liabilities prior to termination, and the Sellers shall refund any deposits or payments received (if applicable) without interest. Termination shall not affect the validity of any provisions intended to survive, such as confidentiality, dispute resolution, and indemnification clauses.

Shareholding Structure Chart before and after the Proposed Transaction

The following diagram sets out the simplified shareholding structures of the Company, the Target Assets and Shandong Shengli as at the date of this announcement:



The following diagram sets out the simplified shareholding structures of the Company, the Target Assets and Shandong Shengli immediately upon the Completion:



PERFORMANCE COMMITMENT AND COMPENSATION

Pursuant to the Share Swap Agreement, each Seller has entered into a separate performance commitment and compensation agreement with Shandong Shengli (collectively, the “**Performance Commitment and Compensation Agreements**”), with the Company acting as guarantor for the obligations of its subsidiaries.

Performance Commitment

Each Seller has undertaken to guarantee the audited net profit attributable to the shareholders of the respective Target Company (being the lower of the figure before and after deducting non-recurring gains or losses) for the year in which Completion occurs and the two subsequent accounting years (the “**Performance Commitment Period**”). As such, if the Completion occurs during the year ending 31 December 2026, the Performance Commitment Period covers the financial years ending 31 December 2026, 2027 and 2028. Meanwhile, if the Completion occurs during the year ending 31 December 2027, the Performance Commitment Period will then covers the financial years ending 31 December 2027, 2028 and 2029.

The committed net profit amounts for each Target Asset for the Performance Commitment Period (i.e. (a) the financial years ending 31 December 2026, 2027 and 2028; or (b) the financial years ending 31 December 2027, 2028 and 2029 (as the case maybe)) are as follows:

Target Asset	Seller	Committed Net Profit			
		For the year ending 31 December			
		2026	2027	2028	2029
		(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
100% equity interests in China Oil Zhuhai	China Oil Investment	6,160.50	6,486.10	6,699.50	6,782.10
100% equity interests in Tiandashengtong	Tiandalitong	12,795.60	12,913.50	13,091.10	13,374.20
51% equity interests in Nantong Oil	CCNG	69,675.10	71,866.70	72,800.00	73,722.10
40% equity interests in Ganhe China Oil	CCNG	61,887.10	63,710.00	64,115.10	64,751.40

The Committed Net Profit amounts set out in the table above represent a profit forecast under Rule 14.61A of the Listing Rules. Accordingly, the Company is required to comply with the announcement requirements under Rule 14.60A of the Listing Rules. Draco Capital Limited, the Company's financial adviser, is currently reviewing the Profit Forecast and will issue a letter setting out whether it is satisfied that the Profit Forecast has been made by the Directors after due and careful enquiry. The full text of the letter from Draco Capital Limited will be contained in the appendices to the circular to be despatched to the Shareholders in connection with the Proposed Transactions.

Performance Compensation

If the actual audited net profit of any Target Company in any year during the Performance Commitment Period is less than 90% of the committed net profit for that year, compensation will be triggered for that year. In addition, at the end of the Performance Commitment Period, if the cumulative actual net profit is less than the cumulative committed net profit, compensation will be made for the cumulative shortfall (after deducting any compensation already paid).

The compensation amount shall be calculated in accordance with the following formulas set out in the respective Performance Commitment and Compensation Agreements:

(a) For a single-year shortfall (if below 90%):

Compensation amount = (Committed net profit for the year — Actual net profit for the year)/Total committed net profit over the Performance Commitment Period × Transaction consideration received by the relevant Seller for the relevant Target Asset.

(b) For cumulative shortfall at the end of the Performance Commitment Period:

Compensation amount = (Total committed net profit over the period — Cumulative actual net profit over the period)/Total committed net profit over the period × Transaction consideration received by the relevant Seller — compensation already paid.

Compensation shall be made firstly by way of share compensation, i.e., the relevant Seller shall return to Shandong Shengli the new Shengli Shares it received under the Share Swap Agreement (up to the total number of shares it received). If the shares held by the Sellers are insufficient or cannot be transferred (due to disposal, pledge, freezing or other reasons), the shortfall shall be compensated in cash.

The number of shares to be compensated is calculated as:

Compensation shares = Compensation amount/Issue price of the new Shengli Shares.

Cash compensation (if required) = (Shares to be compensated — Shares already compensated) × Issue price.

If the performance compensation amount calculated pursuant to the above formula is less than zero, it shall be deemed to be zero, and any compensation already paid shall not be subject to reversal or clawback.

Impairment Test and Impairment Compensation

After the expiry of the Performance Commitment Period, Shandong Shengli will engage a qualified auditor to perform an impairment test on each Target Company. If the impairment amount of any Target Company exceeds the total compensation already paid by the relevant Seller(s) during the Performance Commitment Period, the Seller(s) shall provide additional impairment compensation for the difference.

The impairment compensation amount is calculated as:

Impairment compensation = Impairment amount — Total compensation already paid (including both performance compensation and any prior impairment compensation).

Impairment compensation shall also be made firstly by share compensation and then in cash for any shortfall, following the same mechanism as performance compensation. The impairment amount shall be adjusted by deducting the effects of any capital increase, capital reduction, acceptance of gifts or profit distributions during the Performance Commitment Period.

The total compensation obligation of each Seller (performance compensation plus impairment compensation) shall not exceed the total transaction consideration received by that Seller for its respective Target Asset(s).

Basis for the Committed Net Profit Amounts

The Committed Net Profit amounts were determined after arm's length negotiations between the parties with reference to multiple factors, including the audited historical financial performance of each of the Target Assets, the asset appraisal reports prepared by a qualified PRC asset appraisal institution in respect of the Target Assets, the projected future earnings capacity of each Target Company based on its existing concession rights and contracted

customer base, the growth prospects of the natural gas application services sector in the regions where the Target Companies operate, and the macroeconomic environment and policy support in the PRC for clean energy development.

The Board considers that the Committed Net Profit amounts represent a reasonable and achievable projection of the Target Assets' earnings performance, having regard to their established operational track records, stable customer relationships and the expected synergies to be realised upon integration into Shandong Shengli's platform.

Reasons for Entering into of the Compensation Arrangements

The Board considers that the compensation arrangements under the Performance Commitment and Compensation Agreements are consistent with prevailing market practice for asset restructuring transactions involving A-share listed companies in the PRC, and represent a commercially reasonable arrangement that is customarily adopted in transactions of this nature. The inclusion of performance commitment and compensation provisions reflects a mutual understanding between the parties that the Transaction Consideration is determined in part by reference to the expected future earnings of the Target Companies, and that it is therefore appropriate for the parties to agree on a mechanism to address any material divergence between projected and actual performance during the period following Completion. The Board considers that the terms of the compensation arrangements, including the primary compensation mechanism by way of return of Consideration Shengli Shares and the cap on each Seller's total compensation liability, are balanced and reasonable, having been negotiated at arm's length between the parties. The Board agreed to the compensation arrangements, including acting as guarantor for the obligations of its subsidiaries, as part of the overall commercial terms of the Proposed Transactions, and considers such arrangements to be appropriate in the context of the Proposed Transactions as a whole.

Possible Impact in the Event of Performance Compensation

In the event that the actual audited net profit of any Target Company falls below 90% of the Committed Net Profit in any year during the Performance Commitment Period, the relevant Seller will be required to return Consideration Shengli Shares to Shandong Shengli, and any shortfall not covered by share compensation will be settled in cash. The total compensation obligation of each Seller is capped at the total transaction consideration received by that Seller in respect of its relevant Target Assets, providing a defined limit on each Seller's liability.

In considering the possible impact on the Company, the Board has assessed the most extreme scenario in which all four Target Companies generate zero net profit throughout the entire Performance Commitment Period, thereby triggering the maximum possible compensation obligation. The Board notes that, given each of the Target Companies is a city

gas enterprise operating under concession rights in its respective region, the occurrence of zero net profit is considered by the Directors to be highly unlikely in practice. Nevertheless, even under this extreme scenario, where all Consideration Shengli Shares received by the Sellers are returned to Shandong Shengli in full, the Company would retain its existing shareholding of approximately 22.16% in Shandong Shengli held through China Oil Investment prior to the Proposed Transactions, which would remain unaffected by any such compensation.

The Board is of the view that, even in this extreme scenario, the Company would remain the single largest shareholder of Shandong Shengli, the Directors nominated by the Company would continue to hold more than half of the seats on the board of directors of Shandong Shengli, and the Chairman of the Board of the Company would continue to serve as the legal representative of Shandong Shengli. Accordingly, the Board considers that the Company would not lose control of Shandong Shengli under any circumstances contemplated by the compensation arrangements, and that the compensation arrangements would not significantly impair the Company's business or financial position.

Taking into account the basis upon which the Committed Net Profit amounts were determined, the protective nature of the compensation arrangements and the analysis set out above, the Directors consider that the Proposed Transactions remain in the interests of the Company and its Shareholders as a whole. The Directors considers that the Proposed Transactions, including the Performance Commitment and Compensation Agreements, reflect sound commercial terms negotiated at arm's length, are consistent with the Group's long-term strategy of consolidating its natural gas operations under Shandong Shengli's nationwide clean energy platform, and will create long-term sustainable value for the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTIONS AND USE OF PROCEED

Shandong Shengli is principally engaged nationwide in the PRC in the promotion and application of clean energy natural gas business, providing natural gas application services to industrial, commercial and residential sectors, supplying natural gas to vehicles using natural gas in the transportation sector, and offering solutions in the natural gas innovation field.

Through this reorganisation, the Group intends to streamline its natural gas operations, achieve greater operational synergies with Shandong Shengli's nationwide clean energy natural gas platform, enhance resource allocation, and create a more focused and efficient structure for the downstream city gas business.

As disclosed in the annual results announcement of the Company for the year ended 31 December 2025 dated 27 March 2026, the year 2026 marks the commencement of China's 15th Five-Year Plan (2026–2030). The Group will seize the opportunities presented by industry development, anchored in the strategic principle of “Core Business as the Foundation for Ecosystem Expansion”. A key initiative will be forging a second growth curve. Through more robust operations, clearer strategic positioning, and stronger growth, the Group is committed to creating long-term, stable, and sustainable value returns for our investors. Focus on enhancing efficiency across the entire business chain to consolidate the fundamental development base. In the downstream segment, the Group will deepen its core gas business, intensify market development and pipeline network operation and maintenance efforts, precisely drive expansion among residential, industrial, and commercial users, steadily increase the scale of gas sales and transmission businesses, strengthen gas source coordination and price spread management, optimise the pipeline network layout, continuously consolidate our core position in regional energy supply, and ensure stable and progressive performance of our core operations. Drive ecosystem expansion to build diversified growth drivers. The Group will accelerate the transition from a “single gas supplier” to an “integrated energy service provider”. Strengthen technology empowerment and reinforce management fundamentals to ignite new drivers of development. Centred on realising the value of digital transformation, the Group will advance the integration of business and finance in core business scenarios. Standing at a new starting point, the Group will unite with determination to overcome challenges, promote the synergistic development of domestic and overseas operations, as well as core and other businesses, strive to forge a new pattern of high-quality development, and deliver excellent operational performance in return to its investors.

In the current stage of this reorganisation, the Group has selected maturely developed subsidiaries and investments that operate or hold interests in city gas projects with concession rights, the principal operations and assets of which are primarily located in Jiangsu Province, Jiangxi Province and Qinghai Province of the PRC. Consolidating the city gas concession projects in the aforesaid area under Shandong Shengli in the current phase will build directly on these established digital and operational synergies, allowing for unified intelligent platforms, standardised safety and monitoring protocols, and accelerated deployment of advanced technologies across the integrated network.

In selecting the subsidiaries and investments to be included in the current phase of the reorganisation, the Group applied the following criteria. First, the relevant entity must hold valid and subsisting concession rights granted by the relevant local government authority entitling it to operate city gas pipeline businesses within a defined geographic area. Second, the entity must have established and operational city gas infrastructure with a proven track record of commercial operations, stable customer relationships with industrial, commercial and residential users, and a consistent revenue and earnings history. Third, the principal operations and assets of the entity must be of a scale and development stage that enables meaningful integration into Shandong Shengli's existing nationwide clean energy

platform with identifiable operational and technological synergies. For the purposes of the Proposed Transactions, “maturely developed” refers to subsidiaries and investments that have completed their initial infrastructure build-out phase, have achieved stable operational performance with recurring revenues derived from gas connection fees and gas sales, and are operating under concession agreements with clearly defined service territories and contractual durations. The Group considers the Target Assets, whose operations are principally located in Jiangsu Province, Jiangxi Province and Qinghai Province, to satisfy all of the above criteria and to be well-suited for integration into Shandong Shengli’s platform in the current phase of the reorganisation.

City gas operations are characterised by their regional exclusivity. Under the PRC regulatory framework governing the city gas industry, municipal or county-level government authorities grant concession rights or exclusive operating authorisations to a single enterprise within each designated service territory. The relevant concession agreements clearly delineate the geographic boundaries within which the authorised operator may conduct pipeline gas businesses, and no third party is permitted to engage in the same business within the same concession area. As a result, city gas operators in different regions do not compete with one another.

Prior to the Proposed Transactions, Shandong Shengli is principally engaged in the promotion and application of clean energy natural gas businesses in certain regions of the PRC, providing natural gas application services to industrial, commercial and residential users, and offering natural gas solutions for vehicles in the transportation sector and other innovative fields. The controlling shareholder of Shandong Shengli, China Oil Investment, is a wholly-owned subsidiary of the Company. The Company and its subsidiaries are principally engaged in natural gas and energy-related business investment, including city pipeline gas operations, pipeline design and construction, the transportation, distribution and sale of compressed natural gas (“CNG”) and liquefied natural gas (“LNG”), and the development, production and sale of upstream energy resources such as crude oil and natural gas.

Prior to the Proposed Transactions, Shandong Shengli’s city gas operations are principally concentrated in Shandong Province (excluding Binzhou), Puyang and Anyang in Henan Province, Langfang in Hebei Province, Dazu District in Chongqing, Qinzhou in Guangxi, Wenzhou in Zhejiang, and Jiujiang in Jiangxi Province, amongst other areas. The Company’s city gas operations are principally located in Qinghai Province, Jiangsu Province, Hunan Province, Shanxi Province, Guangdong Province, Binzhou in Shandong Province, and Nanchang, Ganzhou and Yichun in Jiangxi Province, and Zhangye in Gansu Province, amongst other areas. The operating territories of Shandong Shengli and the Company do not overlap and accordingly there is no substantive competition between them prior to the Proposed Transactions.

Following Completion, city gas companies of the Company located in Nantong and Nanjing in Jiangsu Province, Nanchang in Jiangxi Province and Xining in Qinghai Province will be transferred into the Shandong Shengli system as part of the Proposed Transactions, thereby expanding Shandong Shengli's operating territories to cover those areas. The Company and its subsidiaries will not carry on the same or similar business or activities within the operating territories of Shandong Shengli or the Target Assets following Completion.

Accordingly, the Board considers that following the Proposed Transactions, there will be no material adverse competition between the Company and Shandong Shengli, and that the Group's stated objective of unlocking value from the Target Assets through their integration into Shandong Shengli's larger nationwide platform will not be compromised by any competing business activities.

The Company considers that the Target Assets fulfil all of the aforementioned selection criteria and have accordingly been selected as the target assets for the Proposed Transactions.

The Board believes that the Proposed Transactions will deliver key benefits to the Group and its Shareholders, including operational synergies and efficiency gains by injecting the Target Assets into Shandong Shengli and leveraging its established nationwide platform for clean energy natural gas, which will enable integrated management of city gas concession projects, facilitate shared intelligent infrastructure, standardised operations, and enhanced monitoring capabilities, leading to improved efficiency, reduced operational costs, and better risk management across the combined portfolio.

Upon Completion, Shandong Shengli will become a non-wholly owned subsidiary of the Company, with the Group's effective interest increasing from approximately 22.16% to approximately 51.11% on an enlarged share capital basis, enhancing the Group's influence over Shandong Shengli's strategic direction, unlocking value from the Target Assets through their integration into a larger platform, and positioning the Group to benefit from potential growth in Shandong Shengli's market capitalisation and dividends. In addition, the Proposed Transactions support China's clean energy transition goals, including carbon neutrality by 2060, by promoting the application of natural gas as a low-carbon alternative, with the consolidation of concession projects under Shandong Shengli accelerating the adoption of innovative natural gas solutions and contributing to sustainable development in the energy sector.

The Directors consider that the terms of the Share Swap Agreement and the Proposed Transactions are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Cash Consideration of approximately RMB155.9 million will be applied by the Sellers as to (i) approximately RMB100.0 million will be applied towards the settlement of tax liabilities of the Sellers and (ii) the remaining approximately RMB55.9 million will be applied as general working capital of the Group, including funding the day-to-day operational expenses of the Group's continuing businesses such as staff salaries and employee-related costs, office and facility rental expenses, utility charges including electricity, water and gas supply costs for the Group's operational premises, routine pipeline network inspection, maintenance and repair costs, procurement of materials and consumables required for the Group's natural gas operations, transportation and logistical expenses, professional and administrative fees, and providing general financial flexibility to support the Group's ongoing business activities and potential future investments in clean energy projects in line with the Group's strategic development plans.

INFORMATION ABOUT THE PARTIES

Information about the Company and the Group

The Company is a company incorporated in Bermuda with limited liability with the Shares listed on the Main Board of the Stock Exchange (stock code: 603). It is principally engaged in investment holding.

The Group is mainly engaged in natural gas investment and energy-related businesses. With the mission of “developing clean energy, creating a better life”, the Group has been deeply involved in the energy field for more than 20 years.

Information about the Sellers

China Oil Investment is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group and 49% by Kunlun Energy Company Limited (崑崙能源有限公司). It is mainly engaged in investment holding.

Tiandalitong is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding and holds 100% equity interests in Tiandashengtong.

CCNG is a limited liability company incorporated in the PRC which is held as to 51% by the Group and 49% by Kunlun Energy Company Limited (崑崙能源有限公司) (“**Kunlun Energy**”), a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 135). Apart from being the substantial shareholder of CCNG, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Kunlun Energy and its ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules) and have no relationship with the Company or any of its connected persons. CCNG is mainly engaged in investment holding.

Information about the Target Assets

China Oil Zhuhai is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding. China Oil Zhuhai together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of China Oil Zhuhai:

	For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000	For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000
Revenue	—	—
Profit/(loss) before taxation	7,038	6,042
Profit/(loss) after taxation	7,038	6,042
	As at 31 December 2024	As at 31 December 2025
Net Assets	13,325	14,346

Tiandashengtong is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group. It is mainly engaged in investment holding. Tiandashengtong together with its subsidiaries are principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of Tiandashengtong:

	For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000	For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000
Revenue	267,053	238,274
Profit/(loss) before taxation	82,702	103,731
Profit/(loss) after taxation	74,012	90,533

	As at 31 December 2024	As at 31 December 2025
Net Assets	1,101,935	370,449

Nantong Oil is a limited liability company incorporated in the PRC which is held as to 51% by CCNG and 49% by Tiandashengtong. It is mainly engaged in the trading of natural gas and gas pipeline construction. Nantong Oil is principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of Nantong Oil:

	For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000	For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000
Revenue	604,971	574,483
Profit/(loss) before taxation	101,905	100,217
Profit/(loss) after taxation	75,749	74,911
	As at 31 December 2024	As at 31 December 2025
Net Assets	275,978	142,812

Ganhe China Oil is a limited liability company incorporated in the PRC which is held as to 40% by CCNG, 40% by Tiandashengtong and 20% by Qinghai Ganhe Industrial Park Development and Construction Co., Ltd.* (青海甘河工業園開發建設有限公司) (“**Ganhe Development**”). Ganhe Development is held as to approximately 49.96% by Xining Economic and Technological Development Zone Investment Holding Group Co., Ltd.* (西寧經濟技術開發區投資控股集團有限公司), approximately 43.99% by Qinghai Xijingkai Investment Smoothing Development Fund (Limited Partnership)* (青海西經開投平滑發展基金 (有限合夥)) and approximately 6.05% by other three independent third parties. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ganhe Development and its ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules) and have no relationship with the Company or any of its connected persons. It is mainly engaged in the trading of natural gas and gas pipeline construction. Ganhe China Oil is principally engaged in sales and distribution of natural gas and other related products segment.

Set out below is the latest unaudited consolidated financial information of Ganhe China Oil:

	For the year ended 31 December 2024 <i>(unaudited)</i> RMB'000	For the year ended 31 December 2025 <i>(unaudited)</i> RMB'000
Revenue	196,266	216,525
Profit/(loss) before taxation	69,652	77,581
Profit/(loss) after taxation	59,312	66,011
	As at 31 December 2024	As at 31 December 2025
Net Assets	197,988	110,690

Information about Shandong Shengli

Shandong Shengli is a joint stock company incorporated in the PRC. Its issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407). Shandong Shengli is principally engaged nationwide in the PRC in the promotion and application of clean energy natural gas business, providing natural gas application services to industrial, commercial and residential sectors, supplying natural gas to vehicles using natural gas in the transportation sector, and offering solutions in the natural gas innovation field.

The following table sets out the top 10 shareholders of Shandong Shengli and their respective shareholdings as extracted from the latest annual report of Shandong Shengli for the year ended 31 December 2025, which was published on the Shenzhen Stock Exchange. As at 31 December 2025, the total number of Shengli Shares in issue is 880,084,656 and the total number of ordinary shareholders of Shandong Shengli was 75,867.

Shareholder	Nature	Shareholding (%)	Number of Shengli Shares Held
China Oil Investment	Domestic non-state-owned legal entity	22.16	195,027,219
Sunshine Life Insurance Co., Ltd. — Universal Insurance Products* (陽光人壽保險股份有限公司 — 萬能保險產品)	Domestic non-state-owned legal entity	3.22	28,338,841
Shandong Shengli Investment Co., Ltd.* (山東勝利投資股份有限公司)	Domestic non-state-owned legal entity	3.00	26,386,314
Wuxi Yili Heavy Machinery Co., Ltd.* (無錫億利大機械有限公司)	Domestic non-state-owned legal entity	0.98	8,661,100
Hu Xiaoyan* (胡小燕)	Domestic individual	0.64	5,644,864
Che Shuliang* (車書良)	Domestic individual	0.42	3,655,652
Shandong Puhua Project Management Co., Ltd.* (山東普華項目管理有限公司)	Domestic non-state-owned legal entity	0.38	3,334,856
Barclays Bank PLC*	Foreign legal entity	0.30	2,600,600
Shandong State Reserve Logistics Co., Ltd.* (山東國儲物流有限公司)	State-owned legal entity	0.27	2,400,000
He Qing* (賀卿)	Domestic individual	0.27	2,386,400

Set out below is the latest audited consolidated financial information of Shandong Shengli:

	For the year ended 31 December 2024 <i>(audited)</i> RMB'000	For the year ended 31 December 2025 <i>(audited)</i> RMB'000
Revenue	4,225,822	4,165,108
Profit/(loss) before taxation	188,056	265,580
Profit/(loss) after taxation	139,011	205,201
	As at 31 December 2024	As at 31 December 2025
Net Assets	3,306,970	3,381,391

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Company, any connected person at the Company's level, and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction); and (b) Shandong Shengli, its directors and legal representatives and any ultimate beneficial owner(s) of Shandong Shengli who can exert influence on the Proposed Transaction.

FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

Upon Completion, Shandong Shengli will hold or control (i) 100% equity interests of China Oil Zhuhai; (ii) 100% equity interests of Tiandashengtong; (iii) 80% equity interests of Ganhe China Oil; and (iv) 100% equity interests of Nantong Oil. As such, (i) China Oil Zhuhai, Tiandashengtong and Nantong Oil will become wholly owned subsidiary of Shandong Shengli; and (ii) Ganhe China Oil will become non-wholly owned subsidiary of Shandong Shengli. The financial results of the Target Assets will be consolidated into the consolidated financial statements of Shandong Shengli.

As at the date of this announcement, the total number of shares in issue of Shandong Shengli is 880,084,656. Assuming that no new Shengli Shares (other than the Shengli Shares to be issued under the Share Consideration) will be allotted and issued on or before completion of the Proposed Transactions, the 521,225,770 Consideration Shengli Shares to be issued pursuant to the terms of the Share Swap Agreement represents approximately (i) 59.22% of the issued share capital of Shandong Shengli as at the date of this announcement; and

(ii) 37.20% of the issued share capital of Shandong Shengli as enlarged by the allotment and issue of the Consideration Shengli Shares. Upon Completion, the Group's interest in Shandong Shengli will increase from approximately 22.16% to approximately 51.11% as enlarged by the issuance and allotment of the Consideration Shengli Shares. As such, Shandong Shengli will become a non-wholly owned subsidiary of the Company. The financial results of Shandong Shengli (including those attributable to the Target Assets) will be consolidated into the Group's consolidated financial statements.

The Proposed Transactions is expected to enhance the Group's overall financial position through increased control over Shandong Shengli and operational synergies in the natural gas sector.

The Proposed Transactions comprise two distinct accounting events, each with separate financial effects on the Group.

First, the disposal of the Target Assets by the Sellers to Shandong Shengli constitutes a reduction in the Group's effective interest in the Target Companies without loss of control over those companies at the Group level, and is accordingly accounted for as an equity transaction in the Group's consolidated financial statements. No gain or loss will be recognised in the Group's consolidated income statement in respect of this element of the Proposed Transactions.

Second, upon Completion, Shandong Shengli will become a subsidiary of the Group, which constitutes a step acquisition. As part of the step acquisition accounting, the Group's previously held 22.16% equity interest in Shandong Shengli, which was accounted for as an investment in an associate, will be deemed to have been disposed of and re-recognised at its fair value as at the date of Completion. The difference between the fair value of the previously held 22.16% equity interest in Shandong Shengli and the carrying amount of the Group's investment in Shandong Shengli as an associate as at the date of Completion, together with any cumulative currency translation differences relating to Shandong Shengli reclassified from other comprehensive income, will be recognised as a gain or loss in the Group's consolidated statement of comprehensive income for the financial year in which Completion occurs.

Assuming the Proposed Transactions had been completed on 31 December 2025, a loss of approximately HK\$160 million would have been recognised in respect of the step acquisition element described above. This estimate is determined with reference to the share price of Shandong Shengli as at 31 December 2025 and the Group's financial information for the year then ended, and does not take into account any potential impact of the Proposed Transactions on the share price of Shandong Shengli. The actual gain or loss to be recognised upon Completion will depend on, amongst other factors, the fair value of the previously held 22.16% equity interest in Shandong Shengli and the carrying amount of the

Group's investment in Shandong Shengli as an associate as at the actual date of Completion, and may differ materially from the estimated amount set out above.

The Cash Consideration of approximately RMB155.9 million will provide additional liquidity to the Group, strengthening its cash position and working capital for future investments or general corporate purposes. The Share Consideration of approximately RMB1,595.0 million, satisfied through the issuance of approximately 521,225,770 new Shengli Shares, will be accounted for as an increase in the Group's investment in Shandong Shengli at fair value, with no immediate cash outflow.

The above financial effects are for illustrative purposes only and are based on assumptions and estimates. The actual financial effects will depend on the final audited figures, market conditions at Completion, and other factors, and will be determined and disclosed in the Company's financial statements following Completion.

LISTING RULES IMPLICATIONS FOR THE COMPANY

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the VSD exceed 75%, the VSD constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As the highest applicable percentage ratios in respect of the VSA exceed 100%, the VSA constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

SGM

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Swap Agreement and the transactions contemplated thereunder (including the VSD and the VSA) by way of ordinary resolution.

No Shareholder is required to abstain from voting at the SGM under the Listing Rules, as the Proposed Transactions do not constitute a connected transaction. Voting will be conducted by poll in accordance with the Listing Rules and the Company's bye-laws. The resolution will require approval by a simple majority of the votes cast by Shareholders present in person or by proxy.

A circular containing, among other things, (i) further details of the Share Swap Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the SGM, will be despatched to the Shareholders on or before 14 May 2026 in accordance with the Listing Rules.

Completion is subject to the satisfaction and/or waiver of the conditions precedent under the Share Swap Agreement as set out in the paragraph headed “Conditions precedent” of this announcement. Accordingly, the Proposed Transactions may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise cautions when dealing in the Shares and, if in any doubt, are recommended to consult their professional adviser(s).

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Cash Consideration”	approximately RMB155.9 million, being the portion of the Transaction Consideration to be satisfied by Shandong Shengli in cash
“CCNG”	China City Natural Gas Investment Group Co., Ltd.* (中油中泰燃氣投資集團有限公司), a limited liability company incorporated in the PRC which is held as to 51% by the Group
“China” or “PRC”	the People’s Republic of China
“China Oil Investment”	China Oil and Gas Investment Group Company Limited* (中油燃氣投資集團有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group

“China Oil Zhuhai”	China Oil and Gas (Zhuhai Hengqin) Company Limited* (中油燃氣(珠海橫琴)有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Company”	China Oil and Gas Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 603)
“Completion”	completion of the Proposed Transactions
“Conditions Precedent”	the conditions precedent to the effectiveness of the Share Swap Agreement as set out in the section headed “Conditions Precedent” in this announcement
“Consideration Shengli Shares”	new Shengli Shares to be issued by Shandong Shengli at an issue price of RMB3.06 per Shengli Share to satisfy the Share Consideration pursuant to the terms of the Share Swap Agreement
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Ganhe China Oil”	Qinghai China Oil Ganhe Industrial Park Gas Co., Ltd.* (青海中油甘河工業園區燃氣有限公司), a limited liability company incorporated in the PRC which is held as to 40% by CCNG and 40% by China Oil Zhuhai (with the remaining 20% held by an independent third party)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Nantong Oil”	Nantong Oil & Gas Co., Ltd.* (南通中油燃氣有限責任公司), a limited liability company incorporated in the PRC which is held as to 51% by CCNG and 49% by China Oil Zhuhai
“Pricing Benchmark Date”	10 November 2025, being the signing date of the merger and acquisition agreement entered into between the Sellers and Shandong Shengli, which serves as the reference date for determining the issue price of the new Shengli Shares in accordance with the pricing basis set out in the Share Swap Agreement
“Proposed Transactions”	collectively the VSD and the VSA
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	collectively China Oil Investment, Tiandalitong and CCNG
“SGM”	the special general meeting to be convened and held by the Company to consider and, if thought fit, approve, among other things, the Share Swap Agreement and the transactions contemplated thereunder (including the VSD and the VSA)
“Shandong Shengli”	Shandong Shengli Co., Ltd.* (山東勝利股份有限公司), a joint stock company incorporated in the PRC. Its issued shares are listed and traded on the main board of the Shenzhen Stock Exchange (stock code: 000407)
“Shengli Share(s)”	the domestic RMB ordinary shares (A shares) with a par value of RMB1.00 each in the capital of Shandong Shengli, which are listed on the main board of the Shenzhen Stock Exchange (stock code: 000407)

“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Consideration”	approximately RMB1,595.0 million, being the portion of the Transaction Consideration to be satisfied by Shandong Shengli through the issuance of approximately 521,225,770 Consideration Shengli Shares at an issue price of RMB3.06 per Shengli Share
“Share Swap Agreement”	the share swap agreement dated 29 April 2026 entered into among China Oil Investment, Tiandalitong, CCNG and Shandong Shengli in relation to the Proposed Transactions
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Assets”	collectively (i) 100% equity interests in China Oil Zhuhai; (ii) 100% equity interests in Tiandashengtong; (iii) 51% equity interests in Nantong Oil; and (iv) 40% equity interests in Ganhe China Oil
“Tiandalitong”	Tiandalitong New Energy (Zhuhai) Co., Ltd.* (天達利通新能源 (珠海) 有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Tiandashengtong”	Tiandashengtong New Energy (Zhuhai) Co., Ltd.* (天達勝通新能源 (珠海) 有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Group
“Transaction Consideration”	the aggregate consideration of RMB1,750.8 million payable by Shandong Shengli to the Sellers for the acquisition of the Target Assets pursuant to the Share Swap Agreement, which shall be satisfied as to RMB1,595.0 million by the Share Consideration and as to RMB155.9 million by the Cash Consideration

“VSA”	the proposed acquisition by the Sellers from Shandong Shengli of new A shares in Shandong Shengli as part of the Transaction Consideration
“VSD”	the proposed disposal by the Sellers to Shandong Shengli of the Target Assets (being (i) 100% equity interests in China Oil Zhuhai held by China Oil Investment; (ii) 100% equity interests in Tiandashengtong held by Tiandalitong; (iii) 51% equity interests in Nantong Oil held by CCNG; and (iv) 40% equity interests in Ganhe China Oil held by CCNG)
“%”	per cent.

By the Order of the Board
China Oil And Gas Group Limited
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 29 April 2026

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Tieliang (Chairman and Chief Executive Officer), Ms. Guan Yijun, Mr. Gao Falian and Ms. Xu Ran; and three independent non-executive Directors, namely Ms. Liu Zhihong, Mr. Wang Guangtian and Mr. Yang Jie.