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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited management accounts of the Group and information currently available to the Board, the Group is expected to record a decline in consolidated net profit for the year ended 31 December 2014 as compared with the consolidated net profit for the year ended 31 December 2013.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Oil And Gas Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited management accounts of the Group and information currently available to the Board, the Group is expected to record a decline in consolidated net profit for the year ended 31 December 2014 as compared with the consolidated net profit for the year ended 31 December 2013. The Board considers that the Group's financial performance has been affected mainly by the reason that the PRC National Development and Reform Commission increased the city gate natural gas price, but the Xining government in Qinghai Province has not instantly approved to adjust the downstream tariff. This has led to the Xining areas natural gas companies which the Group has interest cannot successfully pass through the cost increase to the users simultaneously. However, the Xining government has issued its approval to pass through the natural gas price adjustments to the designated users with effect from 15 March 2015.

As the Company is still in the process of finalizing the consolidated annual results of the Group for the year ended 31 December 2014, the information contained in this announcement is only based on the preliminary review and assessment by the Board of the unaudited management accounts of the Group and other information currently available, and such information has not been audited by the Company's auditor. Shareholders of the Company and potential investors are advised to read carefully the announcement of the annual results of the Group for the year ended 31 December 2014 which is expected to be released in late March 2015.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 16 March 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Tie-liang (Chairman and Chief Executive Officer), Mr. Zhu Yuan, Ms. Guan Yijun and Mr. Cheung Shing; and three independent non-executive Directors, namely Mr. Li Yunlong, Mr. Shi Xun-zhi and Mr. Wang Guangtian.

** for identification purposes only*