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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)

POSITIVE PROFIT ALERT

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 on the unaudited management accounts of the Group and information currently available to the Board, the Group is expected to record a significant increase in the operating profit of the Group for the six months ended 30 June 2016 as compared with that recorded in the six months ended 30 June 2015.

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 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 of the Company (the “**Directors**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review on the unaudited management accounts of the Group and information currently available to the Board, the Group is expected to record a significant increase in the operating profit of the Group for the six months ended 30 June 2016 as compared with that recorded in the six months ended 30 June 2015, due to including, among others, the increase of natural gas sales volume, and successful passed through of the natural gas prices to end users.

As the Company is still in the process of finalizing the consolidated interim results of the Group for the six months ended 30 June 2016, 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 or reviewed by the Company's auditor. Shareholders of the Company and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended 30 June 2016 which is expected to be released in August 2016.

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, 3 August 2016

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*