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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)

DISCLOSEABLE TRANSACTION PROVISION OF GUARANTEE

PROVISION OF GUARANTEE

On 29 April 2022, China Oil and Gas Investment, a wholly-owned subsidiary of the Group, as guarantor, entered into the Guarantee Agreement in favour of the Creditor, pursuant to which China Oil and Gas Investment has agreed to provide guarantee up to maximum amount of RMB200,000,000 for the due performance of the repayment obligations of Shandong Shengli to the Creditor.

LISTING RULES IMPLICATIONS

The assets ratio and consideration ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the guaranteed amount of the Guarantee is 1.05% and 10.56%, respectively. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the aggregate guaranteed amounts of the Guarantee is more than 5% but less than 25%, the provision of the Guarantee constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PROVISION OF GUARANTEE

The Board announces that on 29 April 2022, China Oil and Gas Investment, a wholly-owned subsidiary of the Group, as guarantor, entered into the Guarantee Agreement in favour of the Creditor, pursuant to which China Oil and Gas Investment has agreed to provide guarantee up to a maximum amount of RMB200,000,000 for the due performance of the repayment obligations of Shandong Shengli to the Creditor.

Principal terms of the Guarantee Agreement

Guarantee Agreement

Date: 29 April 2022

Parties: (1) China Oil and Gas Investment (as guarantor); and
(2) the Creditor

Guarantee: China Oil and Gas Investment, as guarantor, has agreed to provide guarantee up to a maximum amount of RMB200,000,000, in favour of the Creditor for the due performance of Shandong Shengli's repayment obligations under the loan contract, including but not limited to that with respect to the principal amount, interests, penalty interests, default penalties, compensations and other expenses incurred by the Creditor from the realisation of its debt and guarantee rights

Guarantee period: from 29 April 2022 until two years from the date when the debt performance period expires or the guarantee period under the acceptance of the bank's acceptance and the letter of guarantee is two years from the date of Creditor's advance payment

Guarantee method: the guarantee method is joint liability guarantee. When Shandong Shengli fails to perform the repayment obligation as stipulated in the loan contract, Creditor has the right to directly seek repayment from the guarantor

Effective date of Guarantee Agreement: the Guarantee Agreement become effective upon due execution, being 29 April 2022

REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE

Corporate guarantee for external bank borrowings of the Shandong Shengli has been previously provided by Shandong Shengli Investment Holdings Co., Ltd.* (山東勝利投資股份有限公司), the former single largest shareholder of Shandong Shengli. Pursuant to announcements of the Company dated 15 July 2021, 10 August 2021 and 18 October 2021, the Company has acquired 22.16% of the existing issued shares of Shandong Shengli (including the acquisition of 6.99% of issued shares of Shandong Shengli previously owned by Shandong Shengli Investment Holdings Co., Ltd.) and the Company has become the single largest shareholder of Shandong Shengli.

Because of the change of the single largest shareholder of Shandong Shengli, corporate guarantee for external bank borrowings of the Shandong Shengli will be provided by China Oil and Gas Investment to cater for the funding requirements of Shandong Shengli for its operation of energy business in the PRC and only on normal commercial terms. Providing guarantee to Shandong Shengli can (i) facilitate the loan approval process which can be completed more smoothly for Shandong Shengli and (ii) maintain healthy long-term development relationship with financial institutions. The Directors (including independent non-executive Directors) consider that the provision of the Guarantee is on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE PARTIES

The Group

The Group is principally engaging in investment in energy related business in various regions in the PRC and West Central Alberta, Canada. China Oil and Gas Investment is a wholly-owned subsidiary of the Group.

Shandong Shengli

Shandong Shengli is a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange. As at the date of this announcement, Shandong Shengli is indirectly owned as to 22.16% by the Company and the Company has become the single largest shareholder of Shandong Shengli.

Creditor

Creditor is a licensed bank established under the laws of the PRC which is principally engaged in banking and financial services. The largest shareholder of the Creditor is Taian Dianshi Asset Management Co., Ltd.* (泰安點石資產管理有限公司), an Independent Third Party, which holds approximately 21.9% equity interests in the Creditor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Shandong Shengli and the Creditor and their ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS

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DEFINITIONS

“Board”	the board of Directors of the Company
“China Oil and Gas 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 established in the PRC and an indirect wholly-owned subsidiary of the Group
“Company”	China Oil And Gas Group Limited (中油燃氣集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with stock code 603
“Creditor”	Taian Bank Co., Ltd (泰安銀行股份有限公司), a licensed bank established under the laws of the PRC, being the lender under the loan contract and the creditor under the Guarantee Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Guarantee”	the guarantee provided by China Oil and Gas Investment to the Creditor pursuant to the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 29 April 2022 entered into between China Oil and Gas Investment and Creditor, pursuant to which, China Oil and Gas Investment agreed to provide the Guarantee in favour of the Creditor as security for the repayment obligations of Shandong Shengli under the loan contract
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) and is/are not connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Shengli”	Shandong Shengli Co., Ltd. (山東勝利股份有限公司), a company limited by shares established in the PRC whose issued shares are listed and traded on the main board of the Shenzhen Stock Exchange, as the date of this announcement, is owned as to 22.16% by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 29 April 2022

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 Mr. Wang Wenhua, Mr. Wang Guangtian and Mr. Yang Jie.

* *For identification purpose only*