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KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

**REVISED ANNUAL CAP FOR THE CONTINUING CONNECTED
TRANSACTIONS IN 2026
AND
NEW MASTER AGREEMENT AND THE CONTINUING CONNECTED
TRANSACTIONS IN 2027–2029**

INTRODUCTION

The Group and CNPC entered into, among other things, the Existing Master Agreement in 2023. The Existing Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group and vice versa, including but not limited to Oil and Gas Products, general products and services, engineering technology services, production services, logistics supply, financial services, property leasing services and entrustment management services.

For the reasons set out in the paragraph headed “3. Revised Annual Cap for the Continuing Connected Transactions in 2026” below in this announcement, the Board considers that the Existing Annual Cap in respect of 2026 for Category (c) of the Continuing Connected Transactions may not be able to satisfy the Group’s requirements for the whole year. The Board therefore proposes that the Existing Annual Cap for the Category (c) in respect of 2026 be revised in order to cater for the Group’s business needs for the year ending 31 December 2026.

In view of the anticipated expiry of the Existing Master Agreement on 31 December 2026, on 22 September 2026, the Company had entered into the conditional New Master Agreement with CNPC for the purpose of renewing the Continuing Connected Transactions contemplated under the Existing Master Agreement for the three years ending 31 December 2029. The New Master Agreement is conditional upon the approval by the Independent Shareholders in relation to (i) the entering into of the New Master Agreement; (ii) the Non-Exempt Continuing Connected Transactions; and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2029.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CNPC, the ultimate controlling shareholder of the Company, was deemed to be interested in 4,853,086,133 Shares, representing approximately 56.18% of the issued share capital of the Company. To the best of the Directors' knowledge, CNPC is entitled to control all voting rights in respect of its Shares as at the date of this announcement, and is a controlling shareholder and a connected person of the Company. Accordingly, the Continuing Connected Transactions under the New Master Agreement constitute continuing connected transactions of the Company. As the applicable percentage ratios based on the Revised Annual Cap for Category (c) of the Continuing Connected Transactions and the Proposed Annual Caps for the Non-Exempt Continuing Connected Transactions are greater than 5%, the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029 are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements.

None of the Directors has a material interest in the Revised Annual Cap, the entering into of the New Master Agreement and the transactions contemplated thereunder, the Continuing Connected Transactions and the Proposed Annual Caps. Accordingly, no Director was required to abstain from voting at the board meeting considering and approving the abovementioned matters. However, as Mr. Liu Guohai is the deputy chief economist of PetroChina Company Limited, Mr. He Yongli is the general manager and safety director of PetroChina Natural Gas Marketing Company, Mr. Qi Zhenzhong is the full-time external director of companies under CNPC, while Ms. Lyu Jing is the senior legal advisor of CNPC, they have voluntarily abstained from voting at the board meeting considering and approving the above mentioned matters.

Details of the Continuing Connected Transactions have been and will be included in the annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules. In the event that the New Master Agreement is renewed or the terms thereof are materially varied, the Company will re-comply with the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.35 to 14A.60 of the Listing Rules, as well as obtain the consent of the competent regulatory authorities.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders, among other things, the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029. VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

CNPC and its associates (including PetroChina) are required to abstain from voting on the resolution in connection with the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029.

SGM

The SGM will be held for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the ordinary resolution regarding:

- (i) the Revised Annual Cap of the Continuing Connected Transactions;
- (ii) the entering into of the New Master Agreement;
- (iii) the Non-Exempt Continuing Connected Transactions; and
- (iv) the Proposed Annual Caps.

A circular containing, among other things, (i) further details of the Revised Annual Cap, the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from VBG Capital containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be despatched by the Company to the Shareholders on or before 14 October 2026.

1. INTRODUCTION

The Group and CNPC entered into, among other things, the Existing Master Agreement in 2023. The Existing Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group and vice versa, including but not limited to Oil and Gas Products, general products and services, engineering technology services, production services, logistics supply, financial services, property leasing services and entrustment management services.

For the reasons set out in the paragraph headed “3. Revised Annual Cap for the Continuing Connected Transactions in 2026” below in this announcement, the Board considers that the Existing Annual Cap in respect of 2026 for Category (c) of the Continuing Connected Transactions may not be able to satisfy the Group’s requirements for the whole year. The Board therefore proposes that the Existing Annual Cap for the Category (c) in respect of 2026 be revised in order to cater for the Group’s business needs for the year ending 31 December 2026.

In view of the anticipated expiry of the Existing Master Agreement on 31 December 2026, on 22 September 2026, the Company had entered into the conditional New Master Agreement with CNPC for the purpose of renewing the Continuing Connected Transactions contemplated under the Existing Master Agreement for the three years ending 31 December 2029. The New Master Agreement is conditional upon the approval by the Independent Shareholders in relation to (i) the entering into of the New Master Agreement; (ii) the Non-Exempt Continuing Connected Transactions; and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2029.

2. BACKGROUND

When determining the Revised Annual Cap under the Existing Master Agreement and the Proposed Annual Caps under the New Master Agreement, the Board considers the following background information:

The Company's principal businesses include the downstream sales and distribution of natural gas in the PRC, liquefied natural gas ("LNG") processing and sales, and liquefied petroleum gas ("LPG") marketing. CNPC Group is the largest domestic oil and gas producer and supplier, with outstanding advantages in natural gas supply security and price competitiveness. The Company itself does not engage in natural gas production in the PRC, and carrying out the above businesses requires procurement of natural gas and LPG resources from CNPC Group. The companies under CNPC Group also need to use natural gas, LNG or LPG products, and the Company engages in the business of selling and supplying these products to such companies.

The Company also engages in the construction and operation of LNG terminals. CNPC Group is one of the major domestic LNG importers. The Company provides unloading, storage and transportation and outbound delivery services for LNG imported by CNPC Group.

CNPC Group is a large-scale integrated energy enterprise with strong capabilities in petroleum engineering, construction, information services, logistics supply, financial services, social services and other areas, and is able to provide the Company with quality products and services in these areas.

As clean energy, natural gas consumption in the PRC will continue to grow at a relatively fast pace for a long period of time in the future. The Company will seize market opportunities, especially in the transportation sector where the opportunity for gas consumption growth. Leveraged on the operating synergies with CNPC Group, the Company will accelerate the development of its principal businesses. The overall amount of the Continuing Connected Transactions between the Company and CNPC Group will also increase over the next three years. Meanwhile, with the implementation of integrated operations for gas station business, CNPC Group's demand for products of the natural gas end-user business will grow significantly.

3. REVISED ANNUAL CAP FOR THE CONTINUING CONNECTED TRANSACTIONS IN 2026

The announcement and circular of the Company dated 14 September 2023 and 13 October 2023, respectively, set out the Existing Annual Caps for each category of the Continuing Connected Transactions for each of the three years ending 31 December 2026, which were approved (where required) by the Independent Shareholders at the special general meeting of the Company held on 16 November 2023.

As a result of the background information set out in section 2 above and the historical transaction amount of the Continuing Connected Transactions in the first half of 2026, the Board considers that the Existing Annual Cap in respect of 2026 for Category (c) of the Continuing Connected

Transactions may not be able to satisfy the Group's requirements for the whole year. The Board therefore proposes that the Existing Annual Cap for Category (c) in respect of 2026 be revised in order to cater for the Group's business needs for the year ending 31 December 2026.

3.1 Category (c): Existing Annual Caps, Historical Amounts and Revised Annual Cap

The Existing Annual Cap for the Continuing Connected Transactions in 2026 of Category (c) under the Existing Master Agreement (as categorised and disclosed in the circular of the Company dated 13 October 2023), i.e. provision of products by the Group to the CNPC Group, is proposed to be revised.

The table below sets out the Existing Annual Caps, the historical amounts for the two years ended 31 December 2025 and the six months ended 30 June 2026 for Category (c) of the Continuing Connected Transactions and the Revised Annual Cap for the year ending 31 December 2026 proposed by the Board and to be considered and approved by the Independent Shareholders at the SGM:

Category	Existing Annual Caps	Historical amounts ^(Note 1)	Revised Annual Cap	Basis of determination of the Revised Annual Cap
(c) Provision of products by the Group to the CNPC Group	2024: RMB10,399 million	2024: RMB9,937 million	2026: RMB42,967 million	The Revised Annual Cap for the provision of products by the Group to the CNPC Group was determined with reference to the historical transactions and transaction amounts of products provided by the Group to the CNPC Group, the expected business development of the Group with the CNPC Group, and possible fluctuations in the domestic market prices of natural gas, LNG, compressed natural gas, LPG, other energy products and other related and similar products. The Group is of the view that the adjustment to the Revised Annual Cap is in line with the expected business development of the Group and is determined on a fair and reasonable basis.
	2025: RMB12,496 million	2025: RMB12,013 million		
	2026: RMB14,900 million	Six months ended 30 June 2026: RMB11,607 million ^(note 2)		
				The differences between the annual caps for 2024–2025 and the historical transaction amounts, and the reasons for preparing the Revised Annual Cap, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all contingencies that may arise during the period. In light of business development needs, the primary considerations for this application for adjustment are as follows: (1) the CNPC Group's demand for LNG and products of the natural gas end-user business has increased significantly after CNPC Group's launching of the integrated gas station business leveraged on the operating synergies; (2) the Group is promoting mutual reinforcement between its natural gas and LPG businesses, increasing natural gas supply to refining and chemical enterprises, and expanding LPG resources and supply scale through measures such as increased imports; (3) with the transformation and development of the new energy business, the Group's natural gas and electricity, new energy, and integrated energy businesses have experienced rapid growth; and (4) the situation in the Middle East has caused significant fluctuations in international and domestic oil and gas prices. Based on actual business development, changes in oil and gas market prices, and the demand from CNPC Group, the Group has increased the Revised Annual Cap.

Note:

1. The historical amounts for the two years ended 31 December 2025 represent audited figures extracted from the 2024 annual report and 2025 annual report of the Company. The historical amounts for the six months ended 30 June 2026 represent unaudited figures extracted from the management accounts of the Company.
2. As of the date of this announcement, the aggregate transaction amount under Category (c) of the Existing Master Agreement has not exceeded the relevant Existing Annual Cap for 2026.

3.2 Disclosure and Independent Shareholders' Approval

As the applicable percentage ratios based on the Revised Annual Cap for Category (c) of the Continuing Connected Transactions in 2026 are greater than 5%, the Revised Annual Cap is subject to reporting, annual review, announcement and the Independent Shareholders' approval requirements.

The Company will seek the Independent Shareholders' approval at the SGM for the Revised Annual Cap on the condition that (i) the annual amount of Category (c) for the year ending 31 December 2026 shall not exceed the Revised Annual Cap; and (ii) the above continuing connected transactions will be entered into in the ordinary course of business of the Group and are on normal commercial terms or on terms no less favourable than terms available to the Group from independent third parties, and the above continuing connected transactions will be entered into in accordance with the relevant agreements and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with the relevant provisions of the Listing Rules in relation to Category (c) of the Continuing Connected Transactions.

4. THE NEW MASTER AGREEMENT

The Company and CNPC entered into the New Master Agreement on 22 September 2026 for the purpose of renewing the Continuing Connected Transactions for the three years ending 31 December 2029. The principal terms of the New Master Agreement are set out below:

Date: 22 September 2026

Parties: (1) The Company
(2) CNPC

Duration: Three years commencing from 1 January 2027 to 31 December 2029. The parties agreed that subject to the applicable laws and regulations, including but not limited to the Listing Rules, the term of the New Master Agreement can be further renewed upon agreement by the parties in writing.

The terms of the New Master Agreement were negotiated on arm's length basis between the Group and CNPC. Pursuant to the New Master Agreement, the CNPC Group agreed to provide to the Group and the Group agreed to provide to the CNPC Group a range of products and services including but not limited to Oil and Gas Products, general products and services, engineering technology services, production services, logistics supply, financial services, property leasing services and entrustment management services from time to time, which shall expire on 31 December 2029.

Further, if the term of an individual implementation agreement extends beyond 31 December 2029 (being the expiry date of the New Master Agreement), the Company shall re-comply with the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rules 14A.35 to 14A.60 of the Listing Rules and/or any other applicable Listing Rules at the relevant time, as well as obtain the consent of the competent regulatory authorities.

The effectiveness of the New Master Agreement is conditional upon the approval by the Independent Shareholders at the SGM in relation to (i) the entering into of the New Master Agreement; (ii) the Non-Exempt Continuing Connected Transactions; and (iii) the Proposed Annual Caps for each of the three years ending 31 December 2029, and shall become effective on 1 January 2027 and expire on 31 December 2029.

5. CONTINUING CONNECTED TRANSACTIONS IN 2027–2029

The Group and CNPC entered into, among other things, the Existing Master Agreement in 2023. The Existing Master Agreement provides a framework for the Group to procure a range of products and services from the CNPC Group and vice versa, including but not limited to Oil and Gas Products, general products and services, engineering technology services, production services, logistics supply, financial services, property leasing services and entrustment management services. The Existing Master Agreement will expire on 31 December 2026.

In view of the anticipated expiry of the Existing Master Agreement on 31 December 2026, the Company announced that on 22 September 2026 that it had entered into the conditional New Master Agreement with CNPC for the purpose of renewing the Continuing Connected Transactions contemplated under the Existing Master Agreement for the three years ending 31 December 2029. Pursuant to the New Master Agreement, members of the CNPC Group and members of the Group shall enter into individual implementation agreements in respect of each type of product or service setting out detailed terms and conditions for providing such products and services. The pricing shall always be subject to the New Master Agreement and the payment terms, including the credit period and the settlement method, will be specified in each individual implementation agreement.

The Continuing Connected Transactions mainly comprise:

- (a) General products to be provided by the CNPC Group to the Group;

- (b) General services to be provided by the CNPC Group to the Group, including:
 - (i) Engineering technology services
 - (ii) Production services
 - (iii) Logistics supply
 - (iv) Property leasing services
 - (v) Living support services
 - (vi) Social services
 - (vii) Financial services (including (i) Deposit Services, (ii) Loan and (iii) Others);
- (c) General products to be provided by the Group to the CNPC Group; and
- (d) General services to be provided by the Group to the CNPC Group, including:
 - (i) Production services
 - (ii) Logistics supply
 - (iii) Property leasing services
 - (iv) Entrustment management services.

Financial Services

As all of the percentage ratios applicable to each Category of the financial services including Category (b)(vii)(i) Deposit Services, (b)(vii)(ii) Loan and (b)(vii)(iii) Others to be provided by the CNPC Group to the Group are less than 5%, such financial services are exempted from the Independent Shareholders' approval requirement but are subject to the reporting and announcement requirements.

Financial Assistance

Pursuant to Rule 14A.90 of the Listing Rules, loans and other financial assistance to be provided by the CNPC Group to the Group, being financial assistance provided by a connected person for the benefit of the Group on normal commercial terms (or better to the listed issuer) where no security over the assets of the Group is granted in respect thereof, is fully exempt from the Independent Shareholders' approval, annual review and all disclosure requirements set out in Chapter 14A of the Listing Rules.

Non-exempt Continuing Connected Transactions

Accordingly, save for the financial services under Category (b)(vii) to be provided by the CNPC Group to the Group, the other Continuing Connected Transactions contemplated under the New Master Agreement are Non-Exempt Continuing Connected Transactions. The applicable percentage ratios based on the Proposed Annual Caps for the respective Non-Exempt Continuing Connected Transactions are greater than 5%, as such the Non-Exempt Continuing Connected Transactions for the three years ending 31 December 2029 are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

5.1 Details of the Continuing Connected Transaction

Set out below are further details of the New Master Agreement:

5.1.1 Categories of Continuing Connected Transactions

(i) Category (a) – Provision of general products by the CNPC Group to the Group

(A) The New Master Agreement

Pursuant to the New Master Agreement, the CNPC Group agreed to provide the following general products to the Group:

- (i) crude oil, natural gas, refined oil products, chemical products and other related or similar products; and
- (ii) equipment, materials, supplies and other products required for petroleum and natural gas exploration and production.

(B) Pricing Policy

The pricing for such general products (other than crude oil) to be provided by the CNPC Group to the Group under the New Master Agreement shall be fair and reasonable and based on the following general principles: adopt government-prescribed prices (the “**Government-Prescribed Prices**”) where available, or if no Government Prescribed Prices are available, the price to be paid by the Group to the CNPC Group shall not exceed the market price among all the prices as offered by all the independent third parties in the relevant market or nearby market (the “**Market Price**”). If no Market Price is available, the CNPC Group shall provide the relevant general products to the Group at an agreed price.

The pricing for crude oil to be provided by the CNPC Group to the Group under the New Master Agreement shall be determined with reference to the prevailing market price of similar grade crude oil in an arm's length transaction with reference to the trend of the international oil prices. In 2016, the NDRC has published the Administrative Measures for Oil Prices pursuant to which the crude oil prices in the PRC shall be driven by market prices. The trend of the international oil prices is generally subject to various prevailing market conditions, such as market supply and demand, and macroeconomic conditions. The parties will take into account the benchmark crude oil assessment, including the Brent benchmark price, in determining the pricing of the crude oil to be supplied and purchased under the Continuing Connected Transactions.

As part of the Group's internal approval and monitoring procedures relating to the transactions with the CNPC Group, the Group will obtain quote from, or compare the terms and conditions of the products (including the pricing terms) offered by, other independent product suppliers before it decides to engage the CNPC Group for the relevant products, taking into account various factors including the type, quantity and quality of the products, the suitability of the products for the Group's business needs, and the expected time required for the product delivery.

(ii) *Category (b) – Provision of general services by the CNPC Group to the Group*

(A) The New Master Agreement

Pursuant to the New Master Agreement, the CNPC Group agreed to provide the following general services to the Group:

- (i) Engineering technology services – geophysical prospecting, drilling, well cementing, mud logging, logging, oil testing, downhole operations, oilfield construction (including construction and installation), refinery construction (including construction and installation), engineering and design, project management and supervision, equipment repairing and maintenance, equipment antiseptic testing and research, technical services (such as patent, know-how relating to the captioned services), public engineering (such as oil regions, factory roads, municipal facilities, civil construction and public facilities), risk operation services and other related or similar services.

- (ii) Production services – water supply, electricity supply, gas supply, heat supply, communications, and information technology services (including computer software services), fire protection, security, books information, partial filing storage, asset leasing, environmental sanitation in factory and mining areas, mechanical maintenance, machining, transportation, maintenance of access roads, scientific research services and other related or similar services.
- (iii) Logistics supply – procurement agency, quality inspection, storage, delivery and other related or similar services.
- (iv) Living support services – the provision of property management, training centers, guest houses, staff canteens, bath management and other related or similar services.
- (v) Social services – childcare services, cultural promotion (including TV stations, radio stations and newspapers), public transport, municipal facilities (including roads, cities and mining greening), retirement management, re-employment service center, integrated services and other related or similar services.
- (vi) Financial services – RMB and foreign exchange deposit and loan business, interest expenses and income, guarantee, and other financial services that CNPC engaged in through its subordinate CNPC Finance and other financial institutions according to relevant requirements.

(B) Pricing Policy

The pricing for such general services to be provided by the CNPC Group to the Group under the New Master Agreement shall be fair and reasonable and based on the following general principles:

- (i) adopt government-prescribed prices (the “**Government-Prescribed Prices**”) where available, or if no Government Prescribed Prices are available, the price to be paid by the Group to the CNPC Group shall not exceed the market price among all the prices as offered by all the independent third parties in the relevant market or nearby market (the “**Market Price**”). If no Market Price is available, the CNPC Group shall provide the relevant general services to the Group at an agreed price; and

- (ii) in respect of Category (b)(vii), the financial services to be provided to the Group by the CNPC Group:
 - (a) the deposits to be placed by the Group with the CNPC Group and loans to be provided to the Group by the CNPC Group will bear interest rates which are no less favorable than the prevailing rate as prescribed by the PBoC and NAFR and/or offered by the CNPC Group, and will be on similar terms and conditions as would apply to similar deposits and loans made by other independent customers of the CNPC Group; and
 - (b) the fees and charges for other financial services and products provided by the CNPC Group will be determined by arm's length basis negotiation between the parties and based on normal commercial terms, and shall not be higher than the rates applicable to other independent customers of the CNPC Group.

As part of the Group's internal approval and monitoring procedures relating to the transactions with the CNPC Group, the Group will obtain quote from, or compare the terms and conditions of the services (including the pricing terms) offered by, other independent service providers before it decides to engage the CNPC Group for the relevant services, taking into account various factors including the nature of the services, the service quality, the expected time required for the service delivery, and in terms of the financial services, the competitiveness of the rates and fees offered or charged to the Group.

(iii) Category (c) – Provision of general products by the Group to the CNPC Group

(A) The New Master Agreement

Pursuant to the New Master Agreement, the Group agreed to provide the CNPC Group with a range of general products, including natural gas, LNG, compressed natural gas, LPG, refined oil products, chemical products, other integrated energy products and other related and similar products.

The Group provides such general products to the CNPC Group primarily due to geographical consideration. The Group provides such general products to the CNPC Group in regions or areas where they do not have the necessary infrastructure/facilities to produce or supply such products, and vice versa. In view of the strengths and scope of CNPC's business activities, the Company considers that providing products to the CNPC Group could enhance the growth of the natural gas business of the Group.

(B) Pricing Policy

The pricing for such general products to be provided by the Group to the CNPC Group under the New Master Agreement shall be fair and reasonable and based on the following general principles: adopt the Government-Prescribed Prices, where available, or if no Government Prescribed Prices are available, the price to be charged by the Group to the CNPC Group shall not be lower than the market price among all the prices as offered by the Group to all the independent third parties in the relevant market or nearby market (the “**Market Price**”). If no Market Price is available, the Group shall provide the relevant general products to the CNPC Group at an agreed price.

(iv) *Category (d) – Provision of general services by the Group to the CNPC Group*

(A) The New Master Agreement

The Group provides certain general services to the CNPC Group under the New Master Agreement. Pursuant to the New Master Agreement, the Group agreed to provide the following general services to the CNPC Group:

- (i) production services – natural gas pipeline transmission, LNG processing, LNG uploading, gasification, storage and entrucking and other services, book information, partial filing services, asset leasing, environmental sanitation in factory and mining areas, mechanical maintenance, machining, transportation, maintenance of access roads, water supply, electricity supply, gas supply, heat supply and other related or similar services;
- (ii) logistics supply – procurement agency, quality inspection, storage and delivery and other related or similar services;
- (iii) property leasing services – leasing of certain offices, commercial building, warehouses and other related or similar services; and
- (iv) entrustment management services – but not limited to managing certain aspects in relation to their shareholders’ rights and their day-to-day management and operation and other similar management services.

The Group and the CNPC Group provides such general services to each other mainly due to geographical consideration. The Group provides general services to the CNPC Group in regions or areas where they do not have the necessary infrastructure/facilities to produce or supply such general services, and vice versa. In view of the strengths and scope of CNPC’s business activities, the Company considers that by providing general services to the CNPC Group could bring a strong favourable support to the Company’s business activities and facilitate the Group’s business operations.

(B) Pricing Policy

The pricing for such general services to be provided by the Group to the CNPC Group under the New Master Agreement shall be fair and reasonable and based on the following general principles: adopt the Government-Prescribed Prices, where available, or if no Government Prescribed Prices are available, the price to be charged by the Group to the CNPC Group shall not be lower than the market price among all the prices as offered by the Group to all the independent third parties in the relevant market or nearby market (the “**Market Price**”). If no Market Price is available, the Group shall provide the relevant general services to the CNPC Group at an agreed price.

The relevant market as referred to in the pricing policy of the Continuing Connected Transactions under the above categories primarily means the market comprised by a group or a category of goods or services which, so long as the market conditions allow, the Group deems to have a relatively close substitution relationship within a certain geographical area based on various factors including the origin, characteristics, competition and use of the services or goods involved.

5.1.2 General Principles, Price and Terms of the Continuing Connected Transactions under the New Master Agreement

The transactions under the New Master Agreement are subject to the following general principles:

- (i) in respect of the products and services to be provided to the Group by the CNPC Group, the products and services shall be of good quality and the price shall be fair and reasonable and shall be no less favourable than those (i) offered by the CNPC Group to independent third parties; and (ii) offered by independent third parties to the Group, for similar products and services;
- (ii) in respect of the products and services to be provided to the CNPC Group by the Group, the products and services shall be of good quality and the price shall be fair and reasonable and shall be no less favourable than those (i) offered by the Group to independent third parties; and (ii) offered by independent third parties to the CNPC Group, for similar products and services;

- (iii) the Group and the CNPC Group shall enter into individual implementation agreements in relation to each type of product and service setting out detailed terms and conditions for the provision of such products and services, and shall comply with the Listing Rules; and
- (iv) the Group and the CNPC Group agreed that all transactions under the New Master Agreement shall be conducted in accordance with the principles of orderly competitions, and that high quality and reasonable cost shall prevail. The Group and the CNPC Group also agreed to purchase the products and services to be provided by the other party, if the quality and relevant general products and services are of the same quality and conditions.

For further details on the internal control measures and procedures for ensuring the implementation of the relevant pricing policies, please refer to the paragraph headed “5. Continuing Connected Transactions in 2027–2029 – 5.3 Measures of Internal Control” in this announcement.

5.1.3 Other Rights and Obligations under the New Master Agreement

Other Rights

The Group and the CNPC Group both have the rights to request the other party to deliver the products and services, and are entitled to receive the payments for the provision of the relevant products and services in accordance with the New Master Agreement.

The Group and the CNPC Group also have the rights to prepare detailed supply plans in accordance with the demand of such products and services of the other party pursuant to the New Master Agreement.

The Group and the CNPC Group both retain the rights to purchase such products or services under the New Master Agreement from third parties where the products or services offered by such third parties are considered by the Group or the CNPC Group to be superior to those offered by the CNPC Group or the Group.

So long as the CNPC Group or the Group is able to supply the products and services required by the Group or the CNPC Group in accordance with the New Master Agreement, the CNPC Group and the Group may supply such products and services to other third parties.

Other Obligations

The Group and the CNPC Group both have the obligations to provide products and services of quality in accordance with the requirements of New Master Agreement and the demand plan for products and services of the other party.

The Group and the CNPC Group shall both procure that their respective branch companies, subsidiaries, and controlled entities shall enter into implementation agreements in accordance with the terms and conditions of the New Master Agreement. As the implementation agreements executed, and to be executed pursuant to the New Master Agreement, are simply further elaborations on the provision of products and services under the New Master Agreement, they do not constitute new categories of continuing connected transactions of the Company.

The Group and the CNPC Group shall supply to the other party with products and services of high quality, and shall pay the other party for the provision of the relevant products and services in accordance with the New Master Agreement.

The Group and the CNPC Group both agreed to compensate the other party for any loss arising from any breach by the CNPC Group or the Group of the New Master Agreement or of any implementation agreements.

5.2 Existing Annual Caps, Historical Amounts and Proposed Annual Caps

5.2.1 Background

The announcement and circular of the Company dated 14 September 2023 and 13 October 2023, respectively, set out the Existing Annual Caps for each category of the Continuing Connected Transactions for each of the three years ending 31 December 2026, which were approved (where required) by the Independent Shareholders at the special general meeting of the Company held on 16 November 2023. The Existing Annual Caps for the Continuing Connected Transactions will expire on 31 December 2026. Accordingly, the Board proposes (i) the following Proposed Annual Caps for the Non-Exempt Continuing Connected Transactions listed below which will serve as the maximum annual value of the Non-Exempt Continuing Connected Transactions for each of the three years ending 31 December 2029; and (ii) to seek the approval of the Independent Shareholders at the SGM on the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029.

The table below sets out the Existing Annual Caps, the historical amounts for the two years ended 31 December 2025 and the six months ended 30 June 2026 for each category of the Continuing Connected Transactions and the Proposed Annual Caps for the three years ending 31 December 2029:

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
(a) Provision of products by the CNPC Group to the Group	2024: RMB172,726 million	2024: RMB130,282 million	2027: RMB291,896 million	The Proposed Annual Cap for the provision of products by the CNPC Group to the Group was determined with reference to the historical transactions and transaction amounts of products provided by the CNPC Group to the Group, the expected business development of the Group with the CNPC Group, and possible fluctuations in the international and the domestic market prices of oil and natural gas and other related and similar products, and the quantities of crude oil, natural gas, LNG, compressed natural gas and LPG required.
	2025: RMB215,045 million	2025: RMB144,256 million	2028: RMB321,086 million	
	2026: RMB265,360 million	Six months ended 30 June 2026: RMB83,290 million	2029: RMB353,194 million	
				The Group is of the view that the adjustment to the Proposed Annual Cap is in line with the expected business development of the Group and is determined on a fair and reasonable basis.

The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all contingencies that may arise during the period, and, therefore, we have made sufficient estimates based on commercially feasible plans when applying for the Proposed Annual Cap. Details mainly include: (1) the purchase prices of natural gas and the Brent crude oil price have a relatively large impact on this category of connected transactions, and due to geopolitical and other factors, their future uncertainties are far greater than other factors; (2) the Group's planned purchase volumes for its principal businesses under the "15th Five-Year Plan" were taken into account in the calculation; and (3) the Group and the CNPC Group and their respective subsidiaries are mostly located in the same regions, and in order to save logistics costs and improve efficiency, the CNPC Group will provide products to the Group, but due to changes in market conditions, changes in the supply from the CNPC Group and the competition from independent third parties in the market, the products actually purchased by the Group from the CNPC Group may be lower than expected. The Group increased the Proposed Annual Cap based on the crude oil and natural gas prices in the first half of the year, future market changes and domestic market demand conditions.

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
(b) Provision of services by the CNPC Group to the Group	2024: RMB11,932 million	2024: RMB2,552 million	2027: RMB11,234 million	The Proposed Annual Cap for the provision of services by the CNPC Group to the Group was determined with reference to the completed transactions and transaction amounts of engineering technology services, deposit services and financial services previously provided by the CNPC Group to the Group, and the expected business development of the Group.
	2025: RMB14,534 million	2025: RMB2,151 million	2028: RMB15,317 million	
	2026: RMB14,972 million	Six months ended 30 June 2026: RMB1,841 million	2029: RMB12,452 million	In particular, the Group obtains engineering technology services provided by the CNPC Group in its ordinary course of business, and the CNPC Group, as one of the world's most experienced companies, provides the Group with engineering technology services of excellent quality. The CNPC Group is also one of the few companies in the PRC capable of providing design, construction and development (including installation) of high-quality natural gas pipelines, LNG terminals, LNG processing plants, gas stations and other facilities, as well as other related engineering technology services.

The Group is of the view that the adjustment to the Proposed Annual Cap is in line with the expected business development of the Group and is determined on a fair and reasonable basis.

The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all contingencies that may arise during the period, and, therefore, we have made sufficient estimates based on commercially feasible plans when applying for the Proposed Annual Cap, and has taken into account the production and operation plans of the Group. Details mainly include: (1) the CNPC Group has relatively strong competitiveness in the industry, with advantages in talent, technology and cost. When making the cap forecast, the Group must consider the possibility that the CNPC Group may participate in all projects, but due to the different circumstances of different projects, in practice the CNPC Group may not be able to participate in all of them; and (2) taking into account factors such as the Group's Fujian LNG terminal and other projects that are all under construction will be completed and put into operation at different stages, the Group intends to determine the estimated annual caps for each year in a flexible and prudent manner in respect of the amount of engineering technology services to be procured from the CNPC Group.

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
among which: (b)(vii)(i) Deposit services ^{Note 3}	2024: RMB2,403 million	2024: RMB672 million	2027: RMB2,611 million	The Proposed Annual Cap for the provision of deposit services by the CNPC Group to the Group (aggregate amount of deposits and interest) was determined with reference to the expected business development of the Group, the Group's historical cash flow and deposit amounts, and the relevant interest rates offered by financial institutions.
	2025: RMB2,403 million	2025: RMB595 million	2028: RMB2,611 million	
	2026: RMB2,403 million	Six months ended 30 June 2026: RMB503 million	2029: RMB2,611 million	In order to achieve optimal cash flow management and improve capital efficiency of the Group, the financial institutions under the CNPC Group provide comprehensive financial services to the Group.
				The Group is of the view that the Proposed Annual Cap is in line with the business development of the Group and is determined on a fair and reasonable basis.
				Unless otherwise provided by laws and regulations, RMB deposit interest rates shall be determined in accordance with the relevant provisions of the market-based interest rate pricing self-discipline mechanism under the guidance of the People's Bank of China, and shall not be lower than the deposit interest rates offered by major commercial banks for the same term under comparable conditions; foreign currency deposit interest rates shall be determined by the parties through negotiation based on market conditions with reference to market interest rates.
				The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all possible contingencies that may arise during the period, and, therefore, we have made sufficient estimates based on commercially feasible plans when applying for the Proposed Annual Cap. Details mainly considering the Group's expected future business development and the need for centralised and coordinated management of funds of its subsidiaries, the Proposed Annual Cap has been slightly increased as compared with the historical transaction amounts.

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
(b)(vii)(ii) Loan ^{Note 4}	2024: RMB350 million 2025: RMB370 million 2026: RMB390 million	2024: RMB275 million 2025: RMB271 million Six months ended 30 June 2026: RMB110 million	2027: RMB390 million 2028: RMB390 million 2029: RMB390 million	The Proposed Annual Cap for the loan services provided by the CNPC Group to the Group was determined with reference to the business development and financing needs of the Group and the acquisition opportunities that may arise from time to time in the domestic market. The Group is of the view that the provision of financial services by the CNPC Group to the Group enables the Group to have sufficient funds for its future business development and acquisitions. The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that the Group needs to deal with the acquisition opportunities that may arise from time to time in the domestic market. Once the Group determines to make an acquisition, the amount of acquisition funds required is often substantial. Taking into account the commercially feasible plans, the actual situation of the Group in the past three years and the cash flow position of the Group, the Proposed Annual Cap is the same as the annual caps of previous years.
(b)(vii)(iii) Others ^{Note 5}	2024: RMB82 million 2025: RMB93 million 2026: RMB105 million	2024: RMB0 million 2025: RMB0 million Six months ended 30 June 2026: RMB0 million	2027: RMB0 million 2028: RMB0 million 2029: RMB0 million	Given that fees for other related services in the past have been included in the scope of loan services and that the historical amounts were minimal, this application does not include the annual cap for such services.

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
(c) Provision of products by the Group to the CNPC Group	2024: RMB10,399 million	2024: RMB9,937 million	2027: RMB49,332 million	The Proposed Annual Cap for the provision of products by the Group to the CNPC Group was determined with reference to the historical transactions and transaction amounts of products provided by the Group to the CNPC Group, the expected business development of the Group with the CNPC Group, possible fluctuations in the domestic market prices of natural gas, LNG, compressed natural gas, LPG, other energy products and other related and similar products.
	2025: RMB12,496 million	2025: RMB12,013 million	2028: RMB57,998 million	
	2026: RMB14,900 million (proposed to be revised to RMB42,967 million) ^{Note 6}	Six months ended 30 June 2026: RMB11,607 million ^{Note 7}	2029: RMB69,598 million	The Group is of the view that the adjustment to the Proposed Annual Cap is in line with the expected business development of the Group and is determined on a fair and reasonable basis.
				The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all possible contingencies that may arise during the period, and, therefore, we have made sufficient estimates based on commercially feasible plans when applying for the Proposed Annual Cap. Details mainly include: (1) the demand for LNG and products of the natural gas end-user business driven by the coordinated business development of the CNPC Group; (2) the Group's efforts to promote mutual reinforcement between its natural gas and LPG businesses, which impact the scale of natural gas and LPG supply to CNPC Group's refining and chemical enterprises; (3) considering the Group's planned sales volume for its principal businesses under the "15th Five-Year Plan"; and (4) the Group's expected growth in the new energy, natural gas power and integrated energy businesses over the next three years. The Group also increased the Proposed Annual Cap based on the actual situation, future market changes and the CNPC Group's demand.

Categories	Existing Annual Caps ^{Note 1}	Historical amount ^{Note 1}	Proposed Annual Caps	Bases of determination of the Proposed Annual Caps ^{Note 2}
(d) Provision of services by the Group to the CNPC Group	2024: RMB9,644 million	2024: RMB8,449 million	2027: RMB15,010 million	The Proposed Annual Cap for the provision of services by the Group to the CNPC Group was determined with reference to the historical transactions and transaction amounts of services provided by the Group to the CNPC Group, mainly including, LNG processing, LNG gasification, storage and entrucking and other services, the expected business development of the Group with the CNPC Group.
	2025: RMB11,524 million	2025: RMB9,645 million	2028: RMB16,581 million	
	2026: RMB13,645 million	Six months ended 30 June 2026: RMB3,743 million	2029: RMB18,306 million	The Group is of the view that the adjustment to the Proposed Annual Cap is in line with the expected business development of the Group and is determined on a fair and reasonable basis.
				The reasons for the differences between the annual caps for 2024–2025 and the historical transaction amounts, and between the Proposed Annual Cap and the historical transaction amounts for 2024, 2025 and the first half of 2026, are mainly due to that both the Group and the CNPC Group are large enterprises with a relatively large scale and size, and given that the Proposed Annual Caps for the Continuing Connected Transactions are set for a term of three years, it is difficult for the Group to accurately predict all possible contingencies that may arise during the period, and, therefore, we have made sufficient estimates based on commercially feasible plans when applying for the Proposed Annual Cap, and have taken into account the production and operation plans of the Group. Details mainly include: (1) the gasification and entrucking services of LNG terminals, among which the Fujian LNG terminal is expected to commence operation in 2027; and (2) considering an appropriate increase year by year in light of the business development under the Group's "15th Five-Year Plan". The Group also increased the Proposed Annual Cap based on the actual situation, future market changes and domestic market demand conditions.

Notes:

1. The historical amounts for the two years ended 31 December 2025 represent audited figures extracted from the 2024 annual report and 2025 annual report of the Company. The historical amounts for the six months ended 30 June 2026 represent unaudited figures extracted from the management accounts of the Company.

2. The differences between the Existing Annual Caps (including the Revised Annual Cap where appropriate), the historical amounts and the Proposed Annual Caps arise mainly because both the Company and the CNPC Group are large enterprises, with a large scale and transaction volumes. Since the Proposed Annual Caps for the Non- exempt Continuing Connected Transactions are for three years, it is difficult for the Company to anticipate all the possible contingencies accurately during the period. As such, the Company makes sufficient estimations taking into consideration commercially feasible plans when applying for the relevant Proposed Annual Caps.
3. The relevant figures represent the maximum daily outstanding balance of deposits placed or to be placed by the Group with the CNPC Group (including interest accrued thereon).
4. The relevant figures of the Existing Annual Caps and historical amounts represent the interest in relation to the loans and financial products provided or to be provided by the CNPC Group to the Group that constitute or would constitute Non-Exempt Continuing Connected Transactions, such as loans and financial products provided by the CNPC Group to entities jointly held by the Group and the CNPC Group whereas the figures in respect of the Proposed Annual Caps represent only the relevant interests but exclude the principal amount. As financial assistance received by the Group from the CNPC Group is fully exempt if it is conducted on normal commercial terms or better and is not secured by assets of the Group under Rule 14A.90 of the Listing Rules, loans and financial products provided or to be provided by the CNPC Group to the Company and/or its wholly-owned subsidiaries or entities not jointly held with the CNPC Group are excluded from this table.
5. This refers to all financial services other than deposit services, loans and financial products provided or to be provided by the CNPC Group to the Group under Category (b) of the Continuing Connected Transactions. The relevant figures represent the maximum service fees and commissions for other financial products and services provided or to be provided by the CNPC Group to the Group.
6. The figure represents the Existing Annual Cap for the year ending 31 December 2026, which is proposed to be revised to the Revised Annual Cap, details of which is set out in the paragraph headed “3. Revised Annual Cap for the Continuing Connected Transactions in 2026” in this announcement.
7. As of the date of this announcement, the aggregate transaction amount under Category (c) of the Existing Master Agreement has not exceeded the relevant Existing Annual Cap for 2026.

As such, the Board is of the view that the Proposed Annual Caps are in line with the estimated development of the business of the Group, and are determined based on normal commercial terms in the ordinary and usual course of business of the Group, and they are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

5.3 Measures of Internal Control

The Group has implemented a set of comprehensive internal control policies to ensure the Continuing Connected Transactions and the pricing policies of the relevant products and services thereunder are proceeded on the basis of normal commercial terms in the ordinary and usual course of business of the Group, and that they are fair and reasonable and in the interests of the Group and the Shareholders as a whole. In order to ensure that the actual pricing of the relevant products and services will be set in accordance with the pricing policies under the

New Master Agreement, the Group shall initiate feasibility study, focus on the return rates and conduct public tender prior to entering into the individual agreements. In particular, the Group will:

- (i) review, from time to time, the terms offered by the independent third parties and compare with the terms of each of the Continuing Connected Transactions (including but not limited to the transactions under the New Master Agreement upon approval by the Independent Shareholders in the SGM) to ensure that they are no less favourable than those offered by the independent third parties.

For the purposes of ascertaining the Market Prices, in respect of the procurement of products and services from the CNPC Group, the procurement teams of the Group are mainly responsible for obtaining quotation from the independent third parties, and are required to obtain quotation from, or compare the terms and conditions offered by, at least two other independent third parties before the Group decides to enter into the relevant procurement transactions with the CNPC Group. In addition, before entering into the procurement transactions, the Group shall implement various measures (including on-site visits, sample tests and other quality control checks on the natural gas, refined oil products, chemical products and other related products, equipment, materials and other supplies to be supplied by the CNPC Group and the other independent third parties) to ensure such products, equipment, materials and other supplies meet the applicable national standards imposed by the PRC regulations and satisfy the Group's business needs.

Similarly, in respect of the provision of products and services by the Group, the sales teams of the Group are mainly responsible for comparing the terms and conditions (including the pricing terms, the quantity of the sales and the delivery requirements) offered by the Group to at least two other independent third parties before the Group decides to enter into the relevant product sales or service provision transactions with the CNPC Group. The procurement and sales teams of the Group will not propose to enter into such transactions with the CNPC Group if the relevant terms are less favourable than those offered by independent third parties.

Unless the aforesaid procedures and requirements have been fulfilled and approved by the relevant departmental manager, no individual agreement will be entered into between the Group and the CNPC Group.

- (ii) review, from time to time, the international oil prices and the terms offered by independent third parties to ensure the terms offered by the CNPC Group are no less favourable than those offered by the independent third parties. In particular, the sales team is responsible for monitoring the international oil prices, including the Brent benchmark price, every ten days, before the Group decides to enter into the transaction with the CNPC Group;

- (iii) review, from time to time, the information of similar products, services or properties in the same regions or areas from various market reports, independent agents and/or terms applicable to the customers or tenants of the CNPC Group, including the independent third parties;
- (iv) review, from time to time, the prices, deposit rates, loan rates and services charge fees quoted from the counterparties with the terms from other independent third parties to ensure that the most favourable terms are obtained, and the transactions will be reported to the head of the finance department of the Group for approval;
- (v) in respect of the financial services, further consider:
 - (a) for deposit services, the interest rate of the deposits available to the Group from the CNPC Group shall not be less than (i) the minimum interest rate prescribed by PBoC; and (ii) the interest rate available to the Group from other commercial banks;
 - (b) for loan services, the interest rate of the loans to be granted by the CNPC Group to the Group shall not be higher than (i) the maximum interest rate prescribed by the PBoC; and (ii) the interest rate charged against the Group by other commercial banks in respect of the same type of loans; and
 - (c) The finance team is responsible for reviewing the prescribed rates published by the PBoC and NAFR on a quarterly basis, and will generally obtain quotation from, or compare the terms and conditions offered by, at least two other commercial banks before the Group decides to enter into the relevant financial service transactions with the CNPC Group.
- (vi) the Company will impose control on the actual transaction amount of the Continuing Connected Transactions and focus on controlling the individual amount of each Category of Continuing Connected Transactions;
- (vii) the Company's audit department shall regularly conduct internal assessments on the internal control measures every year to ensure that the internal control measures in respect of connected transactions remain complete and effective;

- (viii) the independent non-executive Directors shall conduct annual review on the Continuing Connected Transactions and provide annual confirmations in the annual reports of the Company on whether the Continuing Connected Transactions are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; (iii) according to the relevant agreements the terms of which are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and
- (ix) The external auditors of the Company shall report on the Continuing Connected Transactions every year and issue a letter to the Board in respect of the Continuing Connected Transactions in accordance with the Listing Rules.

6. REASONS FOR AND BENEFITS OF THE PROPOSED CONTINUING CONNECTED TRANSACTIONS

As the largest domestic oil and gas supplier and a large-scale integrated energy enterprise, the CNPC Group has provided the Company with reliable supply of natural gas, LPG and other commodities at fair prices, as well as sound services in engineering construction and other areas over the past three years. The synergy between the businesses of both parties is evident. The Board is of the view that it is beneficial to the Company to continue carrying out the Continuing Connected Transactions with the CNPC Group, as such transactions have facilitated and are expected to continue to facilitate the operation and growth of the Group's business. The Board also notes the long smooth cooperation history between the Company and the CNPC Group in relation to such transactions.

In particular, by receiving financial services from the CNPC Group, the Group is able to receive highly efficient financial services both domestically and abroad as:

- (i) CNPC Finance is the internal settlement, fund raising and financing and capital management platform of CNPC. CNPC provides deposit and other financial services to the Group through CNPC Finance and other financial institutions;
- (ii) CNPC Finance lowered the costs of the Group through various mechanisms, such as providing more efficient internal settlement, and the loan process is convenient, timely and efficient. Furthermore, CNPC Finance utilizes its status as member of the China Foreign Exchange Trade System (中國外匯交易中心) to develop businesses in the settlement, sales and conversion of foreign currency, which saved the Group a considerable amount in foreign exchange costs;
- (iii) CNPC Finance is under the supervision of the NAFR as a major domestic non-bank financial institution, and has achieved the regulatory requirements as determined by regulatory indicators over the years. As at 31 December 2025, the cash on hand and at the People's Bank of China of CNPC Finance was approximately RMB15,402 million and the lending to banks and other financial institutions of CNPC Finance was approximately RMB227,490 million, the total assets of CNPC Finance was approximately RMB534,295 million. For the twelve months ended 31 December 2025, CNPC Finance achieved a revenue of approximately RMB13,702

million, a net interest income of approximately RMB5,180 million, a profit of approximately RMB6,856 million and a net profit after tax of approximately RMB5,611 million, which is in a leading position among domestic counterparts.

- (iv) The balance of loans provided by CNPC Finance to the Group generally exceeded the balance of deposits the Group made with CNPC Finance. As at 31 December 2024 and 31 December 2025, the balance of the Group's deposits with CNPC Finance was RMB672 million and RMB595 million, representing 1.5% and 1.3% of the total deposits of the Group respectively; as at 31 December 2024 and 31 December 2025, the balance of loans provided by CNPC Finance to the Group was RMB8,627 million and RMB10,113 million, representing 36.8% and 48.8% of the total balance of loans respectively;
- (v) In order to ensure the normal operation and management of CNPC Finance, CNPC has made relevant undertakings, among other things: (a) CNPC has undertaken not to abuse its rights as a shareholder of CNPC Finance, interfere in the daily business of CNPC Finance or harm the legitimate rights and interest of CNPC Finance and its other shareholders in any way; (b) CNPC has undertaken not to engage in any irregular or improper connected transactions with CNPC Finance, pursue any connected transactions superior than those of similar conditions with other shareholders of CNPC Finance and non-connected persons or obtain any improper benefits using its influence on the operation and management of CNPC Finance; and (c) CNPC has undertaken to establish an effective risk isolation mechanism to prevent the transmission and transfer of risks among CNPC, CNPC Finance and other connected institutions;
- (vi) CNPC has also undertaken to act as the payer of last resort for CNPC Finance, i.e., CNPC has undertaken that in case of emergency where CNPC Finance has difficulties making payments, CNPC will increase the capital of CNPC Finance in accordance with the actual needs for the purpose of permitting payments to be made, which provides better security of funds as compared to external banks. As at 30 June 2026, the cash at bank and on hand of CNPC was approximately RMB280,428 million (excluding the cash at bank and on hand of the Group); and
- (vii) CNPC Finance has also undertaken that it has established a compliant and comprehensive risk governance framework and full-scope risk and financial management systems to safeguard the security of deposits; CNPC Finance will ensure that the Group's deposits placed with it will be given priority for use in providing settlement, loan and other financial services to the Group, and will endeavor to meet the Group's funding requirements.

Accordingly, the Company considers that due to familiarity with the business and operation of the Group, the service provided by CNPC Finance is generally no less favourable to the market level in terms of pricing and quality, and with high efficiency, more convenience and lower transaction costs. In particular, CNPC's undertaking to act as the payer of last resort for CNPC Finance provides better security of funds as compared to external banks.

Further, the Continuing Connected Transactions will be entered into and conducted in the ordinary and usual course of business on normal commercial terms that are fair and reasonable, and the Directors (including the independent non-executive Directors) are of the view that it is in the interests of the Company and the Shareholders as a whole to carry on the Continuing Connected Transactions. The Directors are of the view that the terms and conditions and the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. INFORMATION ON THE GROUP AND OTHER PARTIES

(a) Information on the Group

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and joint ventures are the sales of natural gas, sales of LPG, and LNG processing and terminal business in the PRC, and the exploration and production of crude oil and natural gas in the Republic of Kazakhstan, the Sultanate of Oman and the Kingdom of Thailand.

(b) Information on CNPC

CNPC is the controlling shareholder of the Company. CNPC is a petroleum and petrochemical conglomerate that was formed in the wake of the restructuring launched by the State Council to restructure the predecessor of CNPC, China National Petroleum Company* (中國石油天然氣總公司). CNPC is also a wholly state-owned limited liability company. CNPC is an integrated energy and chemical industry corporation with businesses covering domestic and foreign exploration and development of oil, gas and new energy, marketing of refining, petrochemical and new materials, maintenance and service, capital and finance.

(c) Information on PetroChina

PetroChina is a joint stock limited company incorporated on 5 November 1999 under the Company Law of the PRC as a result of the restructuring of CNPC. PetroChina's H shares (i.e. the overseas listed foreign shares in PetroChina's share capital, with a nominal value of RMB1.00 each, which are traded in Hong Kong dollars) and A shares (i.e. the PRC listed domestic shares in PetroChina's share capital, with a nominal value of RMB1.00 each, which are traded in RMB) are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively.

PetroChina and its subsidiaries principally engage in the exploration, development, transmission, production and sales of crude oil and natural gas, and new energy business; the refining of crude oil and petroleum products; the production and sales of basic and derivative chemical products and other chemical products, and new material business; the marketing and trading business of refined products and non-oil products; and the transportation and sales of natural gas.

8. LISTING RULES IMPLICATIONS

As at the date of this announcement, CNPC, the ultimate controlling shareholder of the Company, was deemed to be interested in 4,853,086,133 Shares, representing approximately 56.18% of the issued share capital of the Company. To the best of the Directors' knowledge, CNPC is entitled to control all voting rights in respect of its Shares as at the date of this announcement, and is a controlling shareholder and a connected person of the Company. Accordingly, the Continuing Connected Transactions under the New Master Agreement constitute continuing connected transactions of the Company. As the applicable percentage ratios based on the Revised Annual Cap of the Continuing Connected Transactions and the Proposed Annual Caps for the Non-Exempt Continuing Connected Transactions are greater than 5%, the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029 are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements.

None of the Directors has a material interest in the Revised Annual Cap, the entering into of the New Master Agreement and the transactions contemplated thereunder, the Continuing Connected Transactions and the Proposed Annual Caps. Accordingly, no Director was required to abstain from voting at the board meeting considering and approving the abovementioned matters. However, as Mr. Liu Guohai is the deputy chief economist of PetroChina Company Limited, Mr. He Yongli is the general manager and safety director of PetroChina Natural Gas Marketing Company, Mr. Qi Zhenzhong is the full-time external director of companies under CNPC, while Ms. Lyu Jing is the senior legal advisor of CNPC, they have voluntarily abstained from voting at the board meeting considering and approving the abovementioned.

Details of the Continuing Connected Transactions have been and will be included in the annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules. In the event that the New Master Agreement is renewed or the terms thereof are materially varied, the Company will re-comply with the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.35 to 14A.60 of the Listing Rules, as well as obtain the consent of the competent regulatory authorities.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders, among other things, the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029. VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

CNPC and its associates (including PetroChina) are required to abstain from voting on the resolution in connection with the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps for each of the three years ending 31 December 2029.

9. SGM

The SGM will be held for the Independent Shareholders to consider, and if thought fit, to approve the ordinary resolution regarding, among other things:

- (i) the Revised Annual Cap of the Continuing Connected Transactions;
- (ii) the entering into of the New Master Agreement;
- (iii) the Non-Exempt Continuing Connected Transactions; and
- (iv) the Proposed Annual Caps.

A circular containing, among other things, (i) further details of the Revised Annual Cap, (ii) further details of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (iii) a letter from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from VBG Capital containing its advice to the Independent Board Committee and the Independent Shareholders; and (v) the notice of the SGM, will be despatched by the Company to the Shareholders on or before 14 October 2026.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Category” or “Categories”	the categories of the Continuing Connected Transactions
“CNPC”	China National Petroleum Corporation* (中國石油天然氣集團有限公司, formerly known as China National Petroleum Company* (中國石油天然氣總公司)), a wholly state-owned limited liability company established under the laws of the PRC
“CNPC Finance”	China Petroleum Finance Company Limited* (中油財務有限責任公司), owned as to 40% by CNPC, 32% by PetroChina and 28% by CNPC Capital Company Limited* (中國石油集團資本股份有限公司) as at the date of this announcement
“CNPC Group”	CNPC and its subsidiaries, but excluding members of the Group
“Company”	Kunlun Energy Company Limited, a company incorporated with limited liability in Bermuda and the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions which have been and will continue to be entered into between the Group and the CNPC Group, details of which are set out in this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Annual Caps” or “Existing Annual Cap”	the existing maximum aggregate annual values of the Continuing Connected Transactions for each of the three years ending 31 December 2026 as set out in the announcement and circular of the Company dated 14 September 2023 and 13 October 2023, respectively, and proposed to be revised as set out in this announcement

“Existing Master Agreement”	the master agreement dated 14 September 2023 entered into between the Company and CNPC regarding the provision by the CNPC Group to the Group and by the Group to the CNPC Group, of a range of products and services from time to time, and shall expire on 31 December 2026
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Sun Patrick, Mr. Tsang Yok Sing Jasper and Mr. Kwok Chi Shing, being all the independent non-executive Directors of the Company, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Revised Annual Cap, the entering into of the New Master Agreement and the transactions contemplated thereunder, the Non-Exempt Continuing Connected Transactions and the relevant Proposed Annual Caps
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps
“Independent Shareholders”	the Shareholders other than CNPC and its associates (including PetroChina)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Prices”	the Market Prices in respect of the Continuing Connected Transactions as described in the paragraph headed “5. Continuing Connected Transactions in 2027–2029 – 5.1 Details of the Continuing Connected Transactions” in this announcement
“NAFR”	National Administration of Financial Regulation of PRC
“NDRC”	National Development and Reform Commission of the PRC

“New Master Agreement”	the master agreement dated 22 September 2026 entered into between the Company and CNPC regarding the provision by the CNPC Group to the Group and by the Group to the CNPC Group, of a range of products and services from time to time, which shall come into effect on 1 January 2027 for a term of three years
“Non-Exempt Continuing Connected Transactions”	the Continuing Connected Transactions apart from the financial services under Category (b)(vii), as set out in the paragraph headed “5. Continuing Connected Transactions in 2027–2029” in this announcement
“Oil and Gas Products”	such crude oil, natural gas, refined oil products, chemical products and other ancillary or similar products provided by the CNPC Group to the Group from time to time under the New Master Agreement
“PBoC”	the People’s Bank of China
“PetroChina”	Petro China Company Limited, a joint stock limited company incorporated in the PRC, which shares are listed on the Shanghai Stock Exchange and the Stock Exchange. PetroChina is a non-wholly owned subsidiary of CNPC and the controlling shareholder of the Company holding approximately 54.51% of the total issued share capital of the Company as at the date of this announcement
“PRC”	the People’s Republic of China, which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Annual Caps”	the proposed respective annual caps for each category of the Non-Exempt Continuing Connected Transactions for each of the three years ending 31 December 2029
“Revised Annual Cap”	the proposed revised annual cap for Category (c) of the Continuing Connected Transactions for the year ending 31 December 2026
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company proposed to be convened for the Independent Shareholders to consider and, if deemed appropriate, approve, among other things, the Revised Annual Cap, the entering into of the New Master Agreement, the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

Notes:

1. For the purpose of this announcement, unless otherwise indicated, conversion of HK\$ and RMB is calculated at the exchange rate of HK\$1 to RMB0.8651. The exchange rate is for illustrative purpose only and does not constitute a representation or assurance that any amount has been, could have been, or may be exchanged at this or any other rate at all.
2. If there is any discrepancy or inconsistency between the Chinese names of the PRC entities and their English translations in this announcement, the Chinese version shall prevail.

By order of the Board
KUNLUN ENERGY COMPANY LIMITED
Liu Guohai
Chairman

Hong Kong, 22 September 2026

As at the date of this announcement, the Board of Directors comprises Mr. Liu Guohai as the Chairman and Executive Director, Mr. He Yongli as the Chief Executive Officer and Executive Director, Ms. Lyu Jing and Mr. Qi Zhenzhong as Non-Executive Directors, and Mr. Sun Patrick, Mr. Tsang Yok Sing Jasper and Mr. Kwok Chi Shing as Independent Non-Executive Directors.

* *For identification purpose only*