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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)

ANNOUNCEMENT

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

The Board is pleased to announce that in late August 2014, CCNG entered into the Cooperation Agreement with third parties, pursuant to which CCNG will invest in the development of natural gas utilization project in Sanmenxia City, Henan Province, including the project of CNG primary station with annual production capacity of over 100 million m³.

In the same period, CCNG was granted a concession right in Anping Town and the surrounding area of the township by the People's Government of Anren County, Chenzhou City, Hunan Province for operation of gas business in the geographical areas of the concession right.

Through the Natural Gas Utilization Project and the use of the concession right, the Group will further develop its domestic gas market, strengthen and expand its market share of domestic natural gas business.

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

COOPERATION AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that in late August 2014, the Company through its subsidiary, 中油中泰燃氣投資集團有限公司 (China City Natural Gas Co. Limited*) (“**CCNG**”), entered into the Sanmenxia Natural Gas Utilization Project Cooperation Agreement (the “**Cooperation Agreement**”) with 河南綠洲能源開發有限公司 (Henan Luzhou Energy Development Co., Ltd.*) and 三門峽新飛科技有限公司 (Sanmenxia New Flight Technology Ltd.), pursuant to which, the parties agreed to cooperate in the Sanmenxia Natural Gas Utilization Project (the “**Natural Gas Utilization Project**”), invest in the establishment of joint venture to promote the approved project of CNG primary station with annual production capacity of over 100 million m³ and cooperate in the development of other gas projects in the

surrounding areas, including the businesses of gas source pipeline, gate stations and downstream city gas, vehicle gas filling, industrial gas and natural gas utilization, etc.

CONCESSION RIGHT

In late August 2014, CCNG received an authorization letter from the People's Government of Anren County (the "**Government**"), Chenzhou City, Hunan Province, pursuant to which the Government agreed to grant to CCNG a concession right in Anping Town and the surrounding area of the township for operation of gas business in the geographical areas of the concession right .

Pursuant to the authorization letter, CCNG can operate the businesses of investment and construction of gas stations and gas pipeline projects, development of civil piped gas, automotive gas and industrial gas.

GENERAL

The Group is principally engaged in natural gas investment and energy related business, and has invested and set up 109 gas projects in 14 different provinces and one autonomous region in China and holds 62 city-gas exclusive concession rights.

Sanmenxia City is located in the west of Henan Province, rich in mineral resources such as gold and aluminum, has formed a number of provincial industrial parks with larger scope, industrial structure of which optimizes constantly, promotes industrial upgrading, demand for natural gas in which increases continuing.

Anren County is located at the north of Chenzhou City, Hunan Province, is the economic and transportation center of several neighboring cities and counties, the level of urbanization of which improves constantly, special industrial and commercial trading of which develop rapidly, and thus has a broad natural gas utilization market.

Furthermore, through the Natural Gas Utilization Project and the use of the concession right, the Group will further develop its domestic gas market, strengthen and expand its market share of natural gas business, so as to enhance the Group's position in the domestic market. The Board considers that the entering into the Cooperation Agreement and the grant of concession right are a major step forward to the gas market in China.

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

Hong Kong, 2 September 2014

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

** for identification purposes only*