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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)

PIPED GAS CONCESSION RIGHT IN BEICHUAN INDUSTRIAL PARK, DATONG TOWNSHIP

The board (the “**Board**”) of directors (the “**Directors**”) of China Oil And Gas Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 20 September 2017, 西寧中油燃氣有限責任公司(Xining China Oil And Gas Company Limited*) (“**Xining COG**”), a subsidiary of the Group, entered into an urban piped gas concession right agreement (the “**Concession Right Agreement**”) with 青海省大通回族土族自治縣北川工業園區管理委員會 (The Management Committee of Beichuan Industrial Park of Hui and Tu Autonomous County, Datong, Qinghai Province*) (the “**Management Committee of Datong Beichuan Industrial Park**”), pursuant to which the Management Committee of Datong Beichuan Industrial Park agreed to grant the Group the gas concession right for a term of 30 years. Pursuant to the Concession Right Agreement, the business scope of the concession right is natural gas sales services, including supply of natural gas and liquefied natural gas to customers through pipelines and provision of investment, construction and operation of the piped gas facilities within the concession right area, which covers the whole current administrative region of Beichuan Industrial Park, Datong Township. The Management Committee of Datong Beichuan Industrial Park encouraged the efficient utilization of clean energy and promotes the continuing development of gas industry.

GENERAL

The Group is principally engaged in natural gas investment and energy related business, and has invested and set up 120 gas projects in 15 different provinces and autonomous region in China and holds 75 city-gas exclusive concession rights. The Group has acquired 5 city-gas exclusive concession rights in Qinghai Province, with high-pressure gas branch pipelines reaching 336 kilometers and city pipeline network reaching 1,503 kilometers which make it possible for the sale and distribution of natural gas to nearly 300,000 residential users and 4,000 industrial and commercial users, with annual sales and distribution volume of piped gas of approximately 1,700,000,000 cubic meters. Natural gas pipelines of the Group have already been introduced into Beichuan Industrial Park.

Located to the north of Xining City, capital city of Qinghai Province, and in Lanxi economic zone, Beichuan Industrial Park has developed close industrial bond and transportation linkage with other provinces like Xinjiang, Gansu, Tibet and Sichuan, which demonstrates its unique location advantages. Over 200 enterprises reside within the industrial park, mainly concentrate on industries of deep and refined metal processing, chemical engineering, equipment manufacturing, deep processing of agricultural and sideline products and modern logistics, making it one of the most important industrial bases of Qinghai Province. It is expected that the value of industrial output of the industrial park will reach RMB50 billion in 2020. With complete infrastructure construction and the backup of natural gas pipelines of Se-Ning-Lan, the industrial park enjoys remarkable superiority in terms of gas resources. Qinghai Province is one of the key operation areas of the Group. Over 15 years, the Group has been putting efforts into the local gas market in Qinghai and has accumulated abundant customer resources and extensive experience in gas projects operation and management and market expansion. By delivering extraordinary services and professional management, the Group has won long term trust in local government and customers, as well as rewards from Qinghai government at all levels, which contribute to the excellent enterprise image of the Group. Leveraging on its own advantages, the Group has successfully acquired the concession right in Beichuan Industrial Park, after which the business area and gas pipelines coverage area of the Group in Qinghai have been further expanded to provide clean natural gas energy to more customers.

Meanwhile, through the urban piped gas concession rights, the Group will further develop its domestic gas market, strengthen and expand its market share of domestic gas business, so as to enhance the Group's position in the domestic market. The Board considers that the urban piped gas concession right in Beichuan Industrial Park, Datong Township, Qinghai Province is 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, 25 September 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Tieliang (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. Wang Guangtian and Mr. Yang Jie.

** for identification purposes only*