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

(Stock Code: 00135.HK)

CONNECTED TRANSACTION

TRANSFER OF EQUITY INTERESTS IN TIANJIN COMPRESSION CO.

SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 23 July 2025, PetroChina Kunlun and PetroChina entered into a Sale and Purchase Agreement, pursuant to which, PetroChina Kunlun has agreed to sell and PetroChina has agreed to purchase 51% equity interest in Tianjin Compression Co. held by PetroChina Kunlun, at a consideration of RMB12,701,600. Upon completion of the Disposal, Tianjin Compression Co. will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board is of the view that the Disposal will enable the Group to better allocate and utilize its resources to focus on its principal activities of distribution and sales of urban gas, with a target to enhance the Group's market share and business efficiency. In addition, as the Group will maintain a minority interest in Tianjin Compression Co. upon completion of the Disposal, the Disposal will enable the Group to realize the equity value of Tianjin Compression Co. and to continue to engage in the entity's LNG refueling business. Therefore, the Board is of the view that the Disposal will benefit the Company and the Shareholders as a whole.

IMPLICATIONS OF LISTING RULES

As of the date of this announcement, PetroChina Hong Kong holds 4,708,302,133 Shares of the Company, representing 54.38% of the issued share capital of the Company. PetroChina Hong Kong is in turn wholly-owned by PetroChina. Accordingly, PetroChina is the controlling Shareholder and a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Disposal contemplated under the Sale and Purchase Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the independent Shareholders' approval requirement.

The Sale and Purchase Agreement has been approved by the Board. As of the date of this announcement, none of the Directors has any material interest in the Disposal. As such, none of the Directors is required to abstain from voting at the Board meeting approving the Sale and Purchase Agreement and the Disposal contemplated thereunder.

INTRODUCTION

The Board is pleased to announce that on 23 July 2025, PetroChina Kunlun entered into the sale and purchase agreement with PetroChina (the "**Sale and Purchase Agreement**"), pursuant to which, PetroChina Kunlun has agreed to sell and PetroChina has agreed to purchase 51% of the equity interests in Tianjin Compression Co. held by PetroChina Kunlun at a consideration of RMB12,701,600 (the "**Consideration**").

Tianjin Compression Co. is principally engaged in compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**") gas station operation business.

The major terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

1. Date

23 July 2025

2. Parties

(a)	Purchaser:	PetroChina
(b)	Vendor:	PetroChina Kunlun
(c)	Target:	Tianjin Compression Co.

3. Consideration and Basis of Determination

The Consideration payable by PetroChina to PetroChina Kunlun is RMB12,701,600 which was determined upon arm's length basis between PetroChina and PetroChina Kunlun, taking into account the audited net asset value of Tianjin Compression Co. as of 31 July 2024 (the "**Valuation Date**"), as appraised by an independent valuer of the Company.

4. Payment of Consideration

The Consideration will be settled by PetroChina in the following schedule:

(a) 30% of the Consideration will be payable within 5 business days upon fulfilment (or waiver, as appropriate) of each of the conditions precedent in the Sale and Purchase Agreement (as set forth below); and

(b) 70% of the Consideration will be payable within 30 days after Completion (as defined below).

5. Conditions Precedent

The completion of the disposal of Tianjin Compression Co. to PetroChina (the "**Completion**") is conditional upon the fulfilment of certain conditions precedents within 30 days of signing of the Sale and Purchase Agreement, which include, among others:

(a) Tianjin Compression Co. accepting the appointment of the Head of Finance Department nominated by PetroChina, with such person being responsible for the financial department and the control the business operations of Tianjin Compression Co., either by himself or together with other senior management members of Tianjin Compression Co.;

(b) PetroChina Kunlun having obtained a filing with the competent state-owned asset supervision institution/entity (i.e. China National Petroleum Corporation) for the valuation of the assets involved in the Disposal;

(c) the representations and warranties given by PetroChina Kunlun and Tianjin Compression Co. under the Sale and Purchase Agreement remaining true, accurate, complete and not misleading;

(d) there being no breach of the Sale and Purchase Agreement by PetroChina Kunlun and Tianjin Compression Co.;

(e) there being no pending or potential litigation, arbitration, claims or any investigation by any administrative investigation against Tianjin Compression Co.; and

(f) there being no outstanding tax or tax penalties payable by Tianjin Compression Co. nor violation of national tax laws and regulations of PRC by Tianjin Compression Co..

6. Completion

Completion will take place upon fulfilment of the conditions precedent in accordance with the Sale and Purchase Agreement.

BUSINESS AND FINANCIAL INFORMATION OF TIANJIN COMPRESSION CO.

Key Shareholding and Business Information of Tianjin Compression Co.

Tianjin Compression Co. is a company incorporated in the PRC with limited liability. As of the date of this announcement, Tianjin Compression Co. is held as to 100% equity interests by PetroChina Kunlun, a wholly-owned subsidiary of the Company. Tianjin Compression Co. is principally engaged in CNG and LNG gas station operation business.

Key Financial Information of Tianjin Compression Co.

Set out below is the audited financial information of Tianjin Compression Co. prepared in accordance with China Standards on Auditing for Chinese Certified Public Accountants for the two years ended 31 December 2024:

	For the year ended 31 December	
	2023	**2024**
	(RMB in thousands)	
Net profit/(loss) before taxation	(9,322)	2,166
Net profit/(loss) after taxation	(7,183)	1,591

The audited net asset value of Tianjin Compression Co. as of 31 December 2024 is RMB31,316,876.36.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Board is of the view that the Disposal will enable the Group to better allocate and utilize its resources to focus on its principal activities of distribution and sales of urban gas, with a target to enhance the Group's market share and business efficiency. In addition, as the Group will maintain a minority interest in Tianjin Compression Co. upon completion of the Disposal, the Disposal will enable the Group to realize the equity value of Tianjin Compression Co. and to continue to engage in the entity's LNG refueling business. Therefore, the Board is of the view that the Disposal will benefit the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that (i) the Disposal is on normal commercial terms or better; (ii) the terms and conditions of the Disposal are fair and reasonable; and (iii) the Disposal is in the interest of the Company and Shareholders as a whole.

It is intended that the net proceeds from the Disposal after deducting the expenses in relation to the Disposal be utilised for expansion of the comprehensive natural gas terminal application business of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

It is currently expected that the Group will record a gain of approximately RMB1.55 million from the Disposal, calculated based on the difference in the net asset value of Tianjin Compression Co. as of the Valuation Date and 30 June 2025 respectively, plus the estimated gain recognized by Tianjin Compression Co. between such period. Nonetheless, the actual amount of gain or loss on the Disposal to be recognized by the Group may vary, and is subject to audit and completion. Upon completion of the Disposal, Tianjin Compression Co. will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Company's consolidated financial statements.

IMPLICATIONS OF LISTING RULES

As of the date of this announcement, PetroChina Hong Kong holds 4,708,302,133 Shares of the Company, representing 54.38% of the issued share capital of the Company. PetroChina Hong Kong is in turn wholly owned by PetroChina. Thus, PetroChina is the controlling Shareholder and a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Disposal contemplated under the Sale and Purchase Agreement constitute a connected transaction under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the independent Shareholders' approval requirement.

The Sale and Purchase Agreement has been approved by the Board. As of the date of this announcement, none of the Directors has any material interest in the Disposal. As such, none of the Directors is required to abstain from voting at the Board meeting approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Information on the Group

The Company acts as an investment holding company. The principal activities of its subsidiaries, associates and joint ventures are urban gas distribution, LNG processing and transportation, LPG sales, gas-fired electricity and new energy. The Company is currently involved in crude oil exploration and production activities in the Republic of Kazakhstan, the Sultanate of Oman and the Kingdom of Thailand.

Information on PetroChina

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.

Information on Tianjin Compression Co.

As of the date of this announcement, Tianjin Compression Co. is a wholly-owned subsidiary of the Company. For the details of the principal business of Tianjin Compression Co., please refer to the section headed "Business and Financial Information of Tianjin Compression Co." in this announcement.

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;
"Company"	Kunlun Energy Company Limited (stock code: 00135.HK), a company incorporated with limited liability in Bermuda and the Shares of which are listed on the Stock Exchange;
"Completion"	has the meaning ascribed to it under the section "The Sale and Purchase Agreement – 5. Conditions Precedent";
"connected person"	has the meaning ascribed to it under the Listing Rules;
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Disposal"	the transfer of 51% of the equity interests in Tianjin Compression Co. by PetroChina Kunlun to PetroChina;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), the controlling shareholder of the Company, a joint stock company limited by shares incorporated in the PRC, the A shares and H shares of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively;

"PetroChina Hong Kong"	PetroChina Hong Kong Limited is a company incorporated in Hong Kong with limited liability, and is a wholly-owned subsidiary of PetroChina and a controlling Shareholder of the Company;
"PetroChina Kunlun"	PetroChina Kunlun Gas Co., Ltd.* (中石油昆侖燃氣有限公司) is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company;
"PRC"	the People's Republic of China, excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"RMB"	Renminbi, the lawful currency of the PRC;
"Share(s)"	the ordinary shares in the Company with par value of HK$0.01 each;
"Shareholder(s)"	holder(s) of the Shares;
"Sale and Purchase Agreement"	the sale and purchase agreement entered in connection with the Disposal;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it under the Listing Rules; and
"Tianjin Compression Co."	Tianjin PetroChina Compression Natural Gas Co., Ltd.* (天津中石油壓縮天然氣有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

By Order of the Board
Kunlun Energy Company Limited
Liu Guohai
Chairman

Hong Kong, 23 July 2025

* *For identification purposes only*

As of the date of this announcement, the Board of Directors comprises Mr. Liu Guohai as the Chairman and Executive Director, Mr. Qian Zhijia 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.