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 TARGET CO

SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 30 October 2025, Xinjiang Xinjie, PetroChina Xinjiang, Xinjiang Hengsheng and Target Co entered into a Sale and Purchase Agreement, pursuant to which, Xinjiang Hengsheng and Xinjiang Xinjie have respectively agreed to transfer 51% and 49% of the equity interest in Target Co to PetroChina Xinjiang at an aggregate consideration of RMB13,503,500.

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. 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 Limited 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. PetroChina Xinjiang is a subsidiary of PetroChina and is therefore also a connected person of the Company. Accordingly, the Disposal contemplated under the Sale and Purchase Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. Given that the Sale and Purchase Agreement and the sale and purchase agreement as disclosed in the Company's announcement dated 23 July 2025, are all entered into with the same connected person (i.e., PetroChina or its subsidiary), such transactions are of a similar nature, and are entered into within the period of 12 months, pursuant to the requirements under Rule 14A.81 of the Listing Rules, the above connected transactions may be aggregated and regarded as a single transaction.

As the highest percentage ratio applicable to such transactions upon aggregation is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 October 2025, PetroChina Xinjiang, Xinjiang Hengsheng, Xinjiang Xinjie and Target Co entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**"), pursuant to which Xinjiang Hengsheng and Xinjiang Xinjie have respectively agreed to transfer 51% and 49% of the equity interest in Target Co to PetroChina Xinjiang (the "**Disposal**") at a total consideration of RMB13,503,500 (the "**Consideration**").

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

THE SALE AND PURCHASE AGREEMENT

1. Date

30 October 2025

2. Parties

(a) Purchaser: PetroChina Xinjiang

(b) Sellers: Xinjiang Hengsheng and Xinjiang Xinjie

(c) Target: Xinjiang Xinjie Petroleum Co., Ltd. ("**Target Co**")

3. Consideration and Basis of Determination

The Consideration payable by PetroChina Xinjiang to Xinjiang Hengsheng and Xinjiang Xinjie is RMB 6,886,785 and RMB 6,616,715 respectively (RMB13,503,500 in aggregate) in accordance with their respective shareholding level in the Target Co, with the aggregate Consideration amount being determined upon arm's length basis between PetroChina Xinjiang and the Sellers taking into account the audited net asset value of Target Co as of 31 October 2024 (the "**Valuation Date**"), as appraised by an independent valuer of the Company.

4. Payment of Consideration

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

(a) 20% of the Consideration will be payable within 30 days upon fulfilment (or waiver, as appropriate) of each of the conditions precedent in the Sale and Purchase Agreement (as set forth below);

(b) 50% of the Consideration will be payable within 30 days upon fulfilment (or waiver, as appropriate) of each of the conditions precedent in the Sale and Purchase Agreement (as set forth below), provided that five gas stations (Nanliangpo Gas Station* (南梁坡加油站), Urumqi County Shuixigou Gas Station* (烏魯木齊縣水西溝加油站), Jiuyunjie Gas Station* (九運街加油站), Hami Airport Road Gas Station* (哈密機場路加油站), and Turpan West Evacuation Area Gas Station* (吐魯番西避險區加油站五座加油站)) have been delivered by the Sellers to PetroChina Xinjiang in operational condition (with business licenses, refined oil retail licenses, hazardous chemical operation permits and functional equipment); and

(c) 30% of the Consideration will be payable within 30 days upon completion of the Disposal ("**Completion**").

Each of the Sellers will be entitled to a part of the Consideration payable under each instalment proportionate to their shareholding interests held in the Target Co.

5. Conditions Precedent

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) the Sellers having obtained internal approval and from their respective governing authorities in accordance with the relevant laws and regulations and the internal constitutional documents of such governing authorities;

(b) the representations and warranties given by the Sellers under the Sale and Purchase Agreement remaining true, accurate, complete, effective and not subject to material adverse change;

(c) the Disposal having been approved by the shareholders' meeting of the Sellers and Target Co;

(d) the employee placement plan following the Disposal having been reviewed and approved by the Sellers;

(e) there having been no breach of the Sale and Purchase Agreement by the Sellers;

(f) there being no pending or potential litigation, arbitration, claims or any investigation by any administrative investigation nor against the Target Co other than those already disclosed in the Sale and Purchase Agreement;

(g) the assets owned by Target Co are not subject to any encumbrance and there being no pending or potential threatened disputes or claims regarding the rights to these assets nor any proposals, notices, orders, rulings, or judgments from any administrative or judicial authority relating to the compulsory acquisition, seizure, expropriation, development, or any similar action affecting these assets;

(h) there being no outstanding tax or tax penalties payable by Target Co nor violation of national tax laws and regulations of the PRC by Target Co; and

(i) there being no arrangements between the Sellers and other shareholders of Target Co which involve tag-along rights, drag-along rights or redemption rights.

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 TARGET CO

Key Shareholding and Business Information of Target Co

Target Co is a company incorporated in the PRC with limited liability. As of the date of this announcement, Target Co is held as to 51% by Xinjiang Hengsheng Co and 49% by Xinjiang Xinjie. Target Co is principally engaged in the business of gas station operations in Northern Xinjiang and is operationally managed by Xinjiang Xinjie.

Key Financial Information of Target Co

Set out below is the unaudited financial information of Target Co for the two years ended 31 December 2024:

	For the year ended 31 December	
	2023	**2024**
	(RMB in thousands)	
Net profit/(loss) before taxation	(318.3)	(1,241.7)
Net profit/(loss) after taxation	(317.1)	(1,241.7)

The unaudited net asset value of Target Co as of 30 June 2025 is RMB8,404,172.

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. 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 RMB2,538,585 from the Disposal, calculated based on the Consideration (RMB6,615,715) to be received by the Group minus the value of the Group's long-term investment in Target Co (RMB4,078,130) as of 30 September 2025. 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. As the Group only holds a 49% interest in Target Co as of the date of this announcement, the results of Target Co are not consolidated in the Company's consolidated financial statements and the Disposal will be regarded as a disposal of interest in an associate.

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. PetroChina Xinjiang is a subsidiary of PetroChina and is therefore also a connected person of the Company. Accordingly, the Disposal contemplated under the Sale and Purchase Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. Given that the Sale and Purchase Agreement and the sale and purchase agreement as disclosed in the Company's announcement dated 23 July 2025, are all entered into with the same connected person (i.e., PetroChina or its subsidiary), such transactions are of a similar nature, and are entered into within the period of 12 months, pursuant to the requirements under Rule 14A.81 of the Listing Rules, the above connected transactions may be aggregated and regarded as a single transaction.

As the highest percentage ratio applicable to such transactions upon aggregation is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 and PetroChina Xinjiang

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.

PetroChina Xinjiang is a subsidiary of PetroChina Company Limited, and is primarily responsible for the supply and marketing of refined oil products, natural gas, liquefied gas and other energy products in the Xinjiang Uygur Autonomous Region.

Information on Xinjiang Hengsheng

Xinjiang Hengsheng is an independent third party of the Company.

Information on Target Co

As of the date of this announcement, Target Co is held as to 51% by Xinjiang Hengsheng and 49% as to Xinjiang Xinjie. For the details of the principal business of Target Co, please refer to the section headed "Business and Financial Information of Target 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"	has the meaning ascribed to it under the section "Introduction";
"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 Xinjiang"	PetroChina Xinjiang Sales Co., Ltd. (中石油新疆銷售有限公司), a company established in the PRC with limited liability and a subsidiary of PetroChina

"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;
"Sale and Purchase Agreement"	the Sale and Purchase Agreement entered in connection with the Disposal;
"Sellers"	Xinjiang Hengsheng and Xinjiang Xinjie;
"Share(s)"	the ordinary shares in the Company with par value of HK$0.01 each;
"Shareholder(s)"	holder(s) of the Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it under the Listing Rules;
"Target Co"	Xinjiang Xinjie Petroleum Co., Ltd.* (新疆新捷石油有限公司), a company established in the PRC with limited liability, which is held as to 51% and 49% by Xinjiang Hengsheng and Xinjiang Xinjie respectively as of the date of this announcement;
"Xinjiang Hengsheng"	Xinjiang Hengsheng Energy Science and Technology Co., Ltd.* (新疆恒晟能源科技有限公司), a company established in the PRC with limited liability and an independent third-party of the Company
"Xinjiang Xinjie"	Xinjiang Xinjie Energy Co., Ltd.* (新疆新捷能源有限公司), 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, 30 October 2025

* *For identification purposes only*

As at 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.